FEB INTERNATIONAL LTD Albany House, Swinton Hall Road, Swint Manchester M27 1DT. Tel: 061 794 7411

Zimbabwe's

under threat

BY YONY HAWKINS, SALISBURY CORRESPONDENT

ZIMBABWE'S two - year - old committee denied knowledge coalition Government appeared of the arms caches and has

coalition Government appearance of the sought, unsuccessions, to some mean to collapse last night.

Mr Joshua Nkomo, leader of the blame for the military stockpiles to dissidents within stockpiles to dissidents within

its military wing. Zipra.

Last night Mr Nkomo said ne was reassessing his alliance with

Mr Mugabe, who last week referred to the Zapu leader as

a "cobra in the house." Attempts to unity had

foundered on the Zanu-PF

country, regardless of which

ministers attended a routine Cabinet meeting in Salisbury

yesterday morning, for discus-

sions on security. Zapu dis-missals were not discussed, but

were left in the hand of the

Zanu-PF central committee, the

supreme policy making body in

the country.

Stephanie Gray adds: The Foreign Office said in London

yesterday there were no plans

to call off a visit to Zimbabwe by Lord Carrington, the Foreign

is scheduled to be in Zimbabwe between February 25 and 27

before visiting Kenya until

Bitter rivalries in Zimbabwe.

March 3.

De Lorean viable with

aid, says Cork report

retary later this month. He

Mr Nkomo and his four Zapu

He warned that the way Mr

rocks," he said.

party they supported.

coalition

junior partner in the coalition, said he believed that Mr Robert

Mugabe, the Prime Minister, wanted to dismiss him. Should

this happen, he said the four

other Zapu ministers in the cabinet would leave with him.

With 57 of the 80 black seats in Parliament held by Zanu-PF.

Mr Mugabe has a comfortable

the collapse of the coalition

sharply intensify inter-party

The Central Committee of Mr Mugabe's Zanu-PF party held an emergency meeting last night to consider further moves

against Zapu following last weekend's discovery of large

arms caches on party property.

Mr Nkomo, director of one of

the companies which owns a

farm near Bulawayo on which

the largest cache was unearthed

Earlier yesterday, 11 Zapu-owned companies were banned

by Presidential proclamation and police raided the party

headquarters in Salisbury.
Mr Nkomo's party's central

BY JOHN GRIFFITHS

rivalries.

10 days ago.

o; france fr 5.00; germany DM 2.0; Italy L 1,000; Netherlands F1 2.25; Norway K1 6.00; Portugal Esc 50; Spain Ptp 85; Sweden K1 6.00; Switzerland F1 2.0; Eire 42p; Malta 30c

CONTINENTAL SELLING PRICES: AUSTRIA Sch.

GENERAL

Freighter sinks near rig disaster

The Soviet freighter Mekhanik Tarasov, carrying 37 crew, sank in an Atlantic storm near the area where a giant oil rig capsized on Monday.

Four or five are reported rescued from the steep, and 15 bodies have been found. The rigs crew of 84 are all missing and feared dead.

Two ships were searching for survivors about 200 nautical miles east of Newfoundland, but freezing conditions made it too dangerous for helicopters to fly.

EEC gloom

The EEC is gripped by growing protectionism and wracked by indecision. Commission President M Gaston Thorn warned. Back Page

Times probe

The Trade Department is looking into the legal implications of the transfer of the Times and Sunday Times titles from Times Newspapers to News Interna-tional, Mrs Thatcher told the

Laker reprieve

The Civil Aviation Authority is set to relax its dealines over Sir Freddie Laker's operating licences, which formally expire at midnight tonight. Back Page

Leyland warning

BL chairman Sir Michael Edwardes says the company will consider closing Leyland Vehicles if the three-week strike over job cuts continues.

Begin assured

U.S. President Reagan told Page 21 Israeli Prime Minister Menahem maintain Israel's military superiority in the Middle East. Earlier story, Page 6

90% rate rise

Greater London Council agreed a 90 per cent increase in its rate. It blamed the Government and the Law Lords' decision on London Transport. Islington rate poll, Page 7

Pilot's terror

The pilot of the Japanese airliner which crashed in Tokyo bay last week was reported as saying he has been soized by. terror and had lost consciousness just before the crash.

Marks jailed

Former secret agent Dennis Marks was jailed for three years at the Old Bailey after admitting taking part in an international drug smuggling

Amnesty rejected The Government rejected a call by Labour's Lord Brockway for an amnesty for non-violent prisoners when the Princess of Wales gives birth in June.

Appeals Bill

A Bill to improve the administration of public appeals after sea disasters like the Penlee lifeboat tragedy was introduced to the Commons by the seamen's union sponsored MP John

Soviets accused The U.S. accused the Soviet Union, at the European security conference in Madrid, of operating 20 chemical and biological war establishments in contravention of international agreements.

Briefly . . .

Docking of dogs' tails should be banned by law, said the RSPCA. Israeli forces arrested nine ranged financing worth \$850m demonstrations.

Britain and Argentina will resume talks on the Falkland Islands later this month in New

Pakistan foreign minister Agha Shahi resigned because of illhealth.

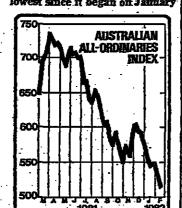
BUSINESS

Equities off; new low in **Australia**

• EQUITIES were unsettled by opening weakness in U.S. honds and Wall Street's early sharpfall. The FT 30-share index, less than a point off at noon, closed 6.9 lower at 557.2. Page 22

• GILTS lost much of their early gains. The Government Securities Index finished on 0.04 at 64:83. Page 28

• AUSTRALIA: All Ordinaries Index fell 5.3 to 511.5, the lowest since it began on January



concern over high U.S. interest

• DOLLAR was steady. It was unchanged at DM 2.395, rose to FFr 6.076 (FFr 6.075) but fell to SwFr L911 (SwFr L92), and Y240.6 (Y240.75). Its trade-weighted index held at 113.4.

 STERLING fell 60 points to \$1.8315 and declined to DM 4.39 (DM 4.4), FFr 11.1275 (FFr 11.1575) and SwFr 3.505 (SwFr 2 5275). Its traile weighted index was 91.6 (91.7).

\$375.5 in London. In New York, the Comex February close was \$376.2. Page 21

 COFFEE: Renewed specula tive_buying pushed prices on the London futures market to a 19-month high. The May quotation added £16 to £1,322.50 a tonne. Page 27

• WALL STREET was down 5.14 near the close. Page 26

 ROMANIA said it achieved a \$303m (£159m) surplus in its trade with the West last year.

● BP will be among 46 foreign companies invited by the Chinese to enter the first round of bidding for

exploration rights. Page 4 • CONOCO, of the U.S., was awarded four onshore oil produc-

tion licences in the Home Counties. Page 7 TOYOTA, Japanese car maker, reported exports down 9.6 per cem last month, against a year earlier. Nissan exports

Cadbury Schweppes

fell 12.9 per cent. Page 6

expanding in U.S.

• CADBURY SCHWEPPES, confectionery and soft drinks group, is buying Duffy-Mott Company, U.S. apple juice producer, in a deal worth between \$75m and \$100m (£54.6m).

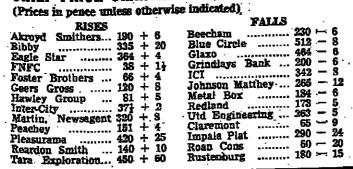
 ACC takeover battle was described as "absolutely dotty by a High Court judge. Back Page; Judges call for ACC

 GREENALL WHITLEY, brewer, and Scottish and Newcastle have set up a joint company to promote Greenall's Vladivar vodka. Page 7

 OK TEDI MINING has at Palestinian youths in West Bank (£462.6m) to develop its copper and gold deposit in Papua New Guinea, Page 6

> DALGETY, international merchant, reported pre-tax profits up from £16.2m to £19.6m for the six months to December 31. Page 18; Lex,

CHIEF PRICE CHANGES YESTERDAY



Rail peace plan hits trouble as BR holds out for Aslef pledge

BY PHILIP BASSETT, LABOUR CORRESPONDENT

the rail dispute. It insisted that first it must have assurances from the Associated Society of Locomotive Engineers and Firemen on their commitment to the crucial productivity issue of flexible rostering.

The BR board said it would accept the recommendations of the inquiry, chaired by Lord McCarthy, once the Advisory, Conciliation and Arbitration Service had clarified this cen-tral point with Aslef, to ensure there was no misunderstanding before negotiations on the issue, recommended by the inquiry,

Acas is inviting all the parties to a meeting this morning at which it is expected that clari-fication on the productivity issue will be sought from Asler. BR will hold a separate earlier meeting with Mr Pat Lowry, Acas chairman, to explain the commitments it is seeking.

The main points of the find-ings of the inquiry were: ings of the inquiry were: sides. The three-man inquiry, in

That Askef should call off its its unanimous erport, said: "The

BRITISH RAIL last night refused to accept the finding of to pay the 3 per cent. we propose appear to us to be
the independent inquiry into

That the recommendations of extremely grave and potentially • That the recommendations of

the inquiry, particularly on the union's commitment to flexible rostering, should be put back into the industry's own negotiating machinery. It is expected that the matter will go to arbitration by the Railway Staffs National Tribunal—comprising the same membership as the Acas inquiry—by March 15, 16 or 19.

• The arbitration should be binding, if possible. If agreement on this cannot be reached, the parties should be prepared to accept a non-binding award and to take the weight of the tribunal as a safeguard of its acceptance. Crucialy, however, the inquiry recommended terms of reference for the tribunal which specifically state that the proposals before it should be for the implementation of flex-

tble rostering.
The McCarthy panel said its proposals offered the best prospect of finding a way out of the differences between the two

Th inquiry said the dispute had escalated into a prolonged and damaging industrial con-flict, which it did not believe any of the parties either envisaged or desired. "Our own view is that this was and is a disaster for the railway industry."

Aslef leaders have indicated they would accept the inquiry's findings. Before they would call off the strikes set for tomorrow and Sunday, they would want written notice of the board's intention to pay the 3 per cent second-stage it has withheld from last year's 11 per cent

two-part pay deal.

Mr Ray Buckton, Aslef general secretary, said acceptance of the report did not mean any shift in the union's attitude towards the maintenance of the 8-hour working day. This is at odds with BR's proposal to

Continued on Back Page Details of McCarthy report, Page 7
Editorial Comment, Page 16

Jenkin may speed sales of State loss-makers

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

extension of the Government's telecommunications business,

for them to become profitable. It is hoped that this would release funds for the department to switch to high-technology ventures within public spending limits laid down by the Treasury.

A second British Telecom-

munications Bill is being prepared to extend the liberalistion initiatives now coming into force of the first Bill. It would set up a regulatory agency to oversee the operations of British spread competition into new

part of a review of the Industry Industry Secretary.

Mr Jenkin and other minis-

TWO initiatives are being ally in loss-making brainesses parlamentary time has yet to be planned by the Department of such as BL, British Steel and found.

Industry as part of a radical British Shipbuilders. The idea of a second tele-

They are beginning to accept privatisation policies in loss that there is little likelihood of making industries and in the the industries as a whole becoming profitable enough to be cut Ministers want nationalised lose from State outport before

waiting for profits to emerge. The Government might offer to make the loss-making businesses more attractive to the private sector.

Major parts of BL (which has already sold some of its peripheral activities) would be early candidates, if buyers could be found, as would sections of British Steel.

BL is likely to become a focus Telecom and new private-sector for such sales when a successor businesses, and would also is appointed to Sir Michael. Edwardes, chairman, who will leave the company when his con-These plans are emerging as tract expires at the end of this Department's policies being car- told by Mr Jenkin to change ried out for Mr Patrick Jenkin, the shape of the company, selling off as much as possible.

Some of British Shipbuilders' ters are believed to be unhappy yards might also be offered for about the slow progress made by sale, although this would have their privatisation plans, especito await legislation for which luncheon vouchers by taxable

communications Bill is likely to be resisted by British Telecom But Ministers believe that a regulatory agency is needed to do the sort of work carried out by the American Federal industries to start selling parts the first electricit.

of their operations to the They are turning their attenprivate sector without waiting tion instead to trying to sell They also want to force

British Telecomwhich soon gain approval for its £100m-£150m Buzby Bond—to face up dowries" of State cash to try to more private sector competition, especially in cable petworks.

A Bill probably would switch some responsibilities for controlling radio frequencies from the Home Office to the Industry Department, although the Home Office would retain its responsibilities for broadcasting.

Joint ventures between British Telecom and the private sector be pushed forward, although plans to privatise the whole business along the lines of the recent British Aerospace sale probably would be delayed until after the next election. The Bill could prepare the ground for such a sale, however.

Ministers resist scrutiny of State sector, Back Page

Finns win P & O £80m order

BY ANDREW FISHER, SHIPPING CORRESPONDENT

PENINSULAR & ORIENTAL order for a single ship. Steam Navigation the UK P & O recently emerged from shipping company, has ordered an extensive debt-cutting period the world's most expensive after investing heavily in gas-cruise ship, worth more than carrying and other ships in the \$150m (£80m) from a Finnish 1970s. Recently it has been

P & O Cruises said yesterday over rumours. that the order had gone to Wartsila of Helsinki, one of the most experienced builders of modern cruise vessels. Also in the running were French and airlines dominated scheduled Dardsh yards.

Described by P & O as the

American, Pacific and European

routes. largest-ever purpose-built cruise contain many design innovaship, she is due to go into tions, but was reluctant to service under the British flag elaborate on these. The sleek, from the U.S. West Coast late futuristic-looking ship will based Canberra, in 1984. She will cover North carry 1,200 passengers and a over 20 years old. crew of 500.

outes. "We are building the first where the U.S. market pre-The order is probably the ship for the 1990s," said Dr dominates, were just under most costly by a British com- Rodney Leach, chairman of £7.5m in 1980, down on the prepary, and is the first major new P & O Cruises. ship contract by P & O for some years. It is Wartsila's largest ships at Helsinki since 1970 and losses.

will deliver another, the Song of America, for Norwegian owners later this year. Several new cruise ships are due to enter the market this year and next, concentrating surrounded by stubborn takemainly on the busy Carribbean waters.

At about 40,000 gross registered tons, the new ship The new P & O ship will sail from Los Angeles as part of its Princess Cruises operation. Much of the cost will be financed through traditional will not be as large as some passenger liners built before shipbuilding credits. P & O said the ship would

P & O has three cruise ships operating from Los Angeles. Its total cruise fleet is seven. The elaborate on these. The sleek, flagship is the Southamptonbased Canberra, 45,000 tons,

P & O profits from cruising. vious two years due to higher Wartsila has built 14 cruise fuel costs and exchange-rate

Gardens today: a time to bring back the Euromarkets: the clouds gather ... 16 birch 12 Textile imports: the case of the missing Management: GEC's new generation of turbine generators 14 Editorial comment: rail dispute; Canada's constitution 16 Energy review: India's long haul to Technology: Pentax's autofocus self-sufficiency 4 Commercial law: Sterling for foreign currency creditors Survey: pension fund investment inset

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France: Communists in decline ...

Overseas News ... Share Stock Markets: Wall Street

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World Trade News INTERIN STATEMENT ANNUAL STATEMENTS

Civil servants attack 4% offer

By Philip Bassett, Labour Correspondent

THE GOVERNMENT under sharp attack yesterday from Civil Service unions when it made a pay offer to 520,000 white-collar civil servants.

white-collar civil servants.

The complex offer, which the Treasury told union officials was worth 4.05 per cent of the £4.2bn non-industrial pay bill, appears to show Government determination to make Civil Service pay reflect the impact of market forces.

majority without the support of the 20 Patriotic Front MPs. But had "shattered" morale in the The unions claimed rises of 13 per cent with a minimum weekly increase of £12.50. would jeopardise Mr Mugabe's post-independence policy of national reconciliation and

Union leaders described the offer as "ludicrous, inept, stupid and offensive." They will press for it to go speedily to arbitration.

It proposes a range of increases for different Civil Service grades. The Government told the Civil Service unions at the end of their 21-week pay strikes last year that negotiations this year

would be conducted free from

the influence of the 4 per cent

cash limit pay provision it had set for the public services generally. The main points of the offer

• A freeze on pay for all staff under 21, and no increase for most new recruits in their first year of service. This proposal affects about 65,000.

● A range of increases from 1 to 51 per cent for all other staff, with higher increases for the " most experienced."

• Special allowances for computer staff to avoid losing expensively trained specialists to private industry. Replacement of tax-free

cash payments of £1.20 a week to about 17,000 junior staff, and offer of an interest-free pay advance to buy rail season Opening of negotiations with private medical insurance companies so that the Govern-

discounts" for its employees. Staff would take up schemes individually. The cost of the offer overall is put at about £170m.
The offer puts forward little

or no rise for staff where the Continued on Back Page Details of offer, Page 10

£ in New York

Spot \$1,8300-8350 \$1,8445-8460 1 month 0.28-0.33 pm 0.24-0.30 pm 3months 0.82-0.87 pm 0.79-0.87 pm 12months 2.60-2.70 pm 2.40-2.60 pm

pany can be viable—but not ing season begins in March. vithout further injections of funds, Sir Kenneth Cork's report to the Government concludes. Sir Kenneth, the leading Cirhas been cut from 400 to 140 accountant appointed by the

Government just over two weeks cars a week. ago to assess a Coopers and Lybrand investigation of the Belfast-based company's affairs, recommended to was complimentary about the plant—a green field site until three years ago—and the company's efforts to build and market the cars. He said the company, which A Commons statement is exhas been backed by £67m in pected tomorrow.

Government cash and £10m in bank guarantees, could have a future. The \$25,000 stainless steel-bodied cars had appeal and De Lorean suppliers, and were price-competitive, Sir presents the Government with a and were price-competitive, Sir Kenneth added.

But he warned that any improvement in sales depended on the depressed U.S. market recovering appearing to support De Lorean's explanation of its

position, says sales will turn

THE De Lorean sports car com- up sharply when the spring sellwithout success, up to £35m to cover its inventory of 2,500 cars not yet sold to dealers. Output

> Sir Kenneth gave no indication of what action he had the Gover ment. A meeting between Mr James Prior, Northern Ireland Secretary, and the De Lorean Board scheduled for yesterday has been postponed until today.

pected tomorrow. Sir Kenneth's report, which comes amid mounting pressure from Ulster politicians, unions difficult decision on the company, which has severe cashflow difficulties.

The Government has indicated that no more funds would be made available. Continued on Back Page

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More out of work in France last month

French unemployment rose again in January despite the Socialist Covernment's efforts to create jobs, but the rate of increase has slowed, official figures showed yesterday, Reuter reports from Paris. The number of unemployed rose from December's 2,014,400 to 2.034.000, a 1 per cent increase, the Labour Ministry said. Seasonally adjusted figures gave a 1.1 per cent rise to

The rate of increase was the same as in the last two quarters of last year, but only half that was in the second half of 1980 and the first half of 1981. France does not publish the perof work, but according to the latest figure issued by the. European Community it is around 9 per cent.

Bonn oil report

The conversion of hard coal into oil would make little economic sense, the West German Technology Ministry said vesterday. Reuter reports from Bonn. Results of a DM 12m (£2.7m) pilot project conducted by the West German oil concern. Veba Oel. show that the Government would do better to look at heavy oil distillates in its search for an alternative source of petrol. Heavy oil distillates are a byproduct of the oil refining process and are normally sold for heating purposes.

Investment forecast

West Germen companies will invest less this year than last in spite of the offer of investment incentives under the Government's job creation programme, according to Herr Franz Schoser, the Industrial and Trade Association's executive secretary, Reuter reports from

Chemical arms claim

The U.S. claimed yesterday that the Soviet Union has operated a score of chemical and bioweapons production facilities in contravention of international accords, Reuter was given a share of govern-reports from Madrid. Mr Max mental power last year when it Kampelman made the charge at the European Security conference, at which he is the chief U.S. delegate. The Soviet representative angrily denied the

Socialists open new front in attack on Spadolini

BY RUPERT CORNWELL IN ROME

the five-party administration of Yesterday saw a bitter attack

by Sig Bettino Craxi on Sig Emilio Colombo, the Christian Democrat Foreign Minister. The Socialist leader accused Sig Colombo of being far too tolerant, for party reasons, of the excesses over which Sr Jose Napoleon Duarte, the Central American state's Christian Democrat ruler, was

The tactics are generally seen as a new phase in the Socialist Party's strategy of bringing down the Spadolini administration. The aim is to secure either a Socialist-led Government, or a general election, at his Government. which the Socialists are confident of improving position considerably. their

THE ITALIAN Socialists are The row is causing much tate the downfall of the Govern-Minister. He is faced with the Government's survival, on an important foreign policy issue.

In a first attempt to reach Democrats. compromise, Sig Spadolini has declared that under no circumstances will Italy accede to cently enjoyed by the Govern-Washington's request to send ment after its multiple sucobservers to El Salvador and, cesses against terrorism, and in effect, legitimise the general more encouraging news on the election scheduled there on economic front where both in-March 28.

ever, and the Prime Minister has now been forced to convene a special meeting of the five coalition party leaders to liscuss the foreign policy of dropped to under L1,000bn is Government. (£426m) in the last quarter of Although it seems unthink- 1981 from L4,000bn (£1,7bn) discuss the foreign policy of able that as remote an issue in the first. The full year as El Salvador could precipideficit was L9,000bn he said.

stepping up their offensive on embarrassment for the Prime ment here, the Socialists and their Social Democrat allies in Sig Giovanni Spadolini, the choice either of disowning his prime Minister, this time over his supposedly mild attitude to the civil war raging in El tration—or risking the defection of the Socialities whose tration—or risking the defection of the Socialists, whose another episode in the war of support is crucial for his nerves being waged by the Socialists against Sig Spadolini and, above all, the Christian

It also brings to an abrupt

end the period of grace re-

flation and the payments deficit This proved insufficient, how- are declining significantly. Governor of the Bank of Italy, declared at the weekend that Italy's current account deficit

Railman loses EEC appeal

LUXEMBOURG - The European Court of Justice ruled yesterday that allowing women to retire at an earlier age than men does not represent sex discrimination under European Community rules.

EEC law stipulates only that employers must offer the option of early retirement to both male and female workers, it said. The fact that early retirement age "is not the same for men as for women cannot in itself be regarded as discrimination.

The ruling went against Mr Arthur Burton, a male employee of British Rail, who argued that his employer discriminated against men by allowing female workers to take early retirement at age 55 and male workers at age 60. He sought early retirement

in August of 1979 when he was 58. His request was turned down, Mr Burton took his case to an industrial appeal tribunal
The tribunal referred it to
the European Court. AP

E. Berlin looks to Iran for oil

President Erich Honecker has Iranian oil. recently had talks with Iran's visiting Deputy Prime Minister, Mr Ali Jasebi, at which they expressed a desire to expand co-operation.

The late Shah, with whom East Germany cultivated its relations, was scheduled to visit East Berlin when he was toppled from power. The East German Government immediately began building on its contexts with the new leader. contacts with the new leaders and, at one point, an Iranian delegation expressed interest in economic co-operation.

East German statistics do not reveal whether there has been any import of Iranian oil. The total volume of trade between the two countries in 1980 is given as just under 700m Marks (£159m). The Soviet

EAST GERMANY has turned to in oil deliveries this year to Iran in the hope of obtaining oil most other Comecon countries which the Soviet Union cannot means the East Germans are deliver in adequate amounts, even more anxious to obtain

> Until now East Germany's only listed non-Communist sources of oil have been Iraq which provided 1.5m tonnes in 1980 and Algeria delivered 200,000 tonnes.

At the same time that Mr Jasebi was in East Berlin, an East German government dele-gation arrived in Iraq with which Iran is at war. Gunter Kleiber, a Deputy Prime Minister who headed the dele-gation, said he was convinced his visit would strengthen the "traditionally friendly" co-operation between both sides.

Mr Jasebi also met the head of the East German Christian Democratic Union, a Com-munist-controlled party, who told him about the activities of Marks (£159m). The Soviet "religiously affiliated citizens Union's 10 per cent reduction in East German life.

Nationalists boycott Malta's **Parliament**

By Godfrey Grima in Valletta

MALTA'S constitutional crisis has taken a turn for the worse with the announcement by the Nationalist Party, headed by Dr Eddie Fenech Adami, that it was boycotting Parliament. At last December's general election the party polled 4,000 votes more but won three parliamentary seats less than Mr Dom Mintoff's ruling Labour Party. The nationalists claim this was due to the gerrymandering of electoral boundaries.

At a news conference Di Fenech Adami said that the party which won the highest number of votes could not sit on the opposition benches. The present impasse could be removed if the Government agreed to administer the country by consensus.

At the opening of Parliament on Monday night, the acting President, Dr Alberty Hyzler, in the speech from the throne said the Government would pursue the policies it had put forward over the past 10 years. Efforts were being made to increase trade with the Soviet Union and other East European countries and to hammer out a new and more favourable association, agreement with the European Community.

In the fields of tourism and manufacturing industry, efforts were being made to make Malta more competitive and to step up

output. In a biting attack on the Nationalist Party. Mr Mintoff told Parliament that the Government was prepared to discuss possible changes in the constitution, but not under duress. He opposed the creation of a one-party state, but the Nationalists must behave within the limits . laid down by the constitution.

With the Nationalist Party boycotting Parliament, the Government cannot call another parliamentary sitting unless a change is made to the standing orders of the House of Representatives.

The Nationalists are also boy-cotting the state-owned radio and television stations. They object to what they consider broadcasts biased in favour of the Government.

FINANCIAL TIMES, published daily except Sundays and holidays. U.S. subscription rates \$355.00 per snnum. Second Class postaga paid at New York, N.Y., and at edditional mailing centrals.

French Communists in decline, but go down slowly

WHEN IT comes to showmanship, the French Communists have the edge on their political rivals. Their 24th Congress, which ended recently, was billed as the Congress of the Blues. But it turned out to be a cross between a boy scout jamboree and a Billy Graham rally.

Amid blizzards of confetti and thunderous applause, M Georges Marchais, miraculously restored after his inglorious presidential campaign last April, was re-elected leader. In hands were then joined aloft for a final display of community

comment: "I just wish they would start believing a bit less and thinking a bit more."
Five days of speeches failed Five days of speeches failed majority, of a government party to lay bare the puzzle of the on which the hopes of French French Communist Party, which men and women partly rest. mental power last year when it job. was at its weakest point since

prises. Changes may be on the

secretary-general-but before the next, much-feared series of elections: cantonals in March, municipals next year.

The innovation of open debates allowed a token dissident voice to be heard. Any remaining contradictions were expertly wrapped into the party line. The party is in the Govern-ment, but differs from the Government. It rejects the Soviet example as a model for France but consents to the application of the Soviet line the garishly-decked indoor elsewhere — a now-you-see-it-sports centre, 2,000 pairs of now-you-don't sleight of tongue which the inscrutable M Marchais is a master.

M Marchais closed the con-Admiring this, one of the gress with a clear commitment Congress guests was moved to to the ruling coalition. "Every to the ruling coalition. "Every Communist," he said, "must know how to speak and act as a member of a party of the The people can see us doing the

There are, however, reservathe war.

The Congress yielded few surtions within the party hierarchy about the Government alliance. tions within the party hierarchy. of the weakened M Marchais as genuine desire in the Com-Government priorities.



M Marchais . . . blizzard of confetti

munist base to make the most -sitting. At the last meeting with way—including the replacement approach corresponds to a cise a positive influence on sides agreed if was pointless relies on its grass-roots supof the weakened M Marchais as genuine desire in the Com- Government priorities. _____trying to find common ground porters being more concerned

The status of government over Poland. partner is also seen as the best card the Communists have to in its ranks and bewildering play in the forthcoming elec-

The drop in voting support is officially blamed on the "wrong appreciation" of French society made in the first 20 years of the post-Stalin era. The French party now proposes a tailor-made " model." socialism in French colours" makes room for family farms. for small and medium-sized private enterprise, and for traditional liberties. On the other hand, it has very few objections if Russian or Polish Communists do things differently.

Between 1974 and 1978 the the party's support for Moscow over Afghanistan, speeded its move back. Arguing that mar-tial law in Poland was the best option in the circumstances, the party dug a ditch between itself and the Government in which four of its members were

After a long bout of malaise about Solidarity. twists in strategy, the party pre-ferred a public flogging from the to a growing membership of 710,000. More seriously, apathy one of the basic elements of its own, strongly-felt identity.

"To want to isolate our combat," M Machais said, "from that of other forces struggling for socialism against capitalism would be suicidal."

By taking this choice-radically different from that of the Italian and Spanish Communists -the leadership is effectively jettisoning many liberal intellectuals.

M Marchais has concentrated on preserving an image of unity among the rest. To do so he had party moved away from Moscow, among the rest. To do so he had The Polish crisis, coming after to appease the die-hard pro-Soviet minority, who resented the way he blamed his predeces sors for letting the party down. As M Marchais' authority has waned, the influence of anti-Socialist and pro-Soviet hardliners in the polithuro has waxed

Solidly rooted in an indus-

about their daily bread than Its problem is broadening this

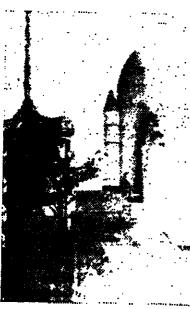
has crept into the organisation and militants have deserted the cells and sections that make up the base of the power pyramid Last year, it lost half its seats in the National Assembly. Next year, if support does not recover, it will lose places in local government, which are a source both of employment for its militants and, through service and supply companies, a large part of its funds.

The party, however, still has teeth. Communist candidates did not stand in the recent series of by-elections, and the Socialists lost all four. In last year's elections, the Communists' ability to rally their vote in support of other Leftwing candidates was crucial for the Socialists. This time, battered by the Socialists over Poland they gave only halfhearted support.

The Communists' decline may But the call for a constructive of being in power and to exer- the Socialist Party, the two trial working milieu, the party be irreversible. But even if it it is going to be a long

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TV DEBATE EXPECTED TO PROVE CRUCIAL

Irish polls put rivals neck-and-neck

BY OUR DUBLIN CORRESPONDENT

IRELAND'S TWO main political vision confrontation of this kind at the expense of companies and a significant proportion of parties have entered the last taken place in an Irish financial institutions. stage of the general election general election. race almost neck and neck.

before tomorrow's vote contradict one another and analysts' best estimates suggest that there is no more than two to three percentage points between Dr Garret FitzGerald's Fine Gael and the Fianna Fail party led by Mr Charles Haughey,

A televised debate between the two leaders, scheduled for last night, was expected to prove alternative budget strategy, in

rucial. which he proposed easing the It was the first time a tele-burden on domestic consumers

The latest opinion polls show a volatile electorate ready to swing from one side to the

> One shows the ruling Fine Gael-Labour coalition ahead by 5 per cent, while another indicates an opposition lead of a similar margin. However, the poll which favoured the opposi-tion was taken immediately

Government's counter-attack, at the top of their list. which accused the opposition of it was bringing forward to 1982 taxes payable next year.

Polls show that an overwhelming majority of the elec-(now over 12 per cent) and the inflation rate (over 20 per cent)

Even this poll came too soon Dut government spending and to take into account the the country's foreign borrowing

This is the area on which Dr creative accountancy" because FitzGerald has concentrated his attack blaming the previous Fianna Fail government for the situation in which the budget deficit reached 8 per cent of torate thinks unemployment GNP. In particular, he has concentrated on Mr Haughey's 18 months as Prime Minister when are the most emportant issues. foreign debt almost doubled The opposition Figure Fail from Ir22.5bn (£2bn) to nearly cores well on these issues but Ir24bn (£3.2bn).



Mr Haughey

Rural voters revive interest in national issues

CONSTITUENCY of prisoner Kieran Doherty, until tions, Mr Tim O'Brien, has one the national finances a major prisoner candidate. He is a local Monaghan sprawls for he died on hunger strike last explanation for this almost unissue means that Mr Haughey's man, Mr Seamus McElwain, who some 50 miles among the little year. Every seat will be vital in round "drumlin" hills and the what looks like a close election boggy lakes which lie between them. Its northern boundary fighting hard to win Mr is the convoluted border with Doherty's seat back. Northern Ireland. Indeed, the nun road between the towns of Cavan and Monaghan runs for five miles through Northern

This is one of the constituencies which could decide who wins the Irish general election, called after the Government of Dr Garret FitzGerald was defeated over its budget last month. It is one of the seven which Sinn Fein, political wing of the provisional IRA, picked for its first venture into electoral democracy.

The constituency elects five Dr FitzGerald, as he tells them TDs (MPs) under the propor- sternly that the current budget tional representation system of deficit must be reduced. Six voting. At present, the two months ago, most of them would major parties, Mr Charles not have recognised the current Haughey's Fianna Fail and Dr FitzGerald's Fine Gael, hold two

each.
The fifth was held by IRA

Dr FitzGerald recently foured the constituency bearing gifts; a public park for Castleblayney (pop. 3,000), and a school gym for Bailieborough (pop. 1,300). Mr Haughey called too, akthough he could provide only the excitement of a helicopter landing and the promise of better things to come. Remarkably, broad national issues are

It is an odd experience to watch Fine Gael farmers, shopkeepers and housewives applaud budget deficit had it walked down the main street of Ballylamesduff (pop. 800).

explanation for this almost unissue means that Mr Haughey's precedented interest in national record in handling them has issues. "This is the first elec-tion to be held in winter since the advent of television," he says. "Everybody's at home watching the economists on the

There is also what has become known in this election as the "Haughey factor." Fianna Fail they are getting hostile reac-tions to Mr Haughey's leader-

Mr John Wilson, a former featuring high in this remote Education Minister, who is the and rural constituency. opposition front-runner in the constituency, says: "When you ask, people cannot point to any specific complaint about Mr Haughey's record." He believes that Mr Haughey's

unpopularity is partly due to a months ago, most of them would months ago, most of them would not have recognised the current budget deficit had at walked down the main street of Bally-lamesduff (pop. 800).

Fine Gael's director of electric fitzGerald's success in making

come under scrutiny and his reputation—which was essentially as a manager—has suf-

fered. Fianna Fail in Cavan-Monaghan maintains an unworried air. "This smear campaign makes decent party members foam at the mouth," says eleccampaign organiser Mr McCarten MacCormack. Fianna Fail believes that the

ship and fear it could cost them of the seat rightfully belongs to votes.

Mr John Wilson, a former What of Sinn Fein, who would seem the natural heirs to the hunger striker's seat? Veteran observers admit that they were proved wrong by Mr Doherty's success, but are sure it cannot be repeated.

> "They ran a very subtle campaign on the basis that the "loan" of a vote could save a life," says Mr O'Brien. "That won't happen again."

The local Sinn Fein group defied party headquarters by fifth seat, they should insisting on running another on their way to office.

is awaiting trial in Belfast on charges arising from attacks on the security forces.

Sinn Fein councillor Charles Boylan is certain that fighting elections is the right strategy "We could win the war and lose the peace" is how he puts

However, should the mainstream politicians prove right, and Sinn Fein fails badly, it could reopen deep divisions about future policy in the provisional movement.

Although Northern Ireland is bound to loom large in a constituency like this, it is not really an issue. There may be differences between Dr Fitz-Gerald and Mr Haughey on the question, but there are not enough to make people switch party allegiances.

The issues in Cavan-Monaghan, as elsewhere, are largely economic. If one of the big two parties does take that fifth seat, they should be well

Romania's trade with West \$303m in surplus

ROMANIA SAID it achieved a surplus last year of \$303m (£159m) in its trade with the West, but this will not allow it to reduce its Western indebtedness, estimated at more than \$10bn.

West German specialists on the Romanian economy noted that Bucharest's interest payalone have risen to \$1.5bn.

Figures released by the Romanian statistical office showed that the country's hard currency exports last year were \$8.2bn and imports were \$7.9bn. This represented a considerable rise in hard currency exports in dollar terms and a much smaller, increase in imports over 1980. Romania's exports to the West, the Third World and Comecon rose by 11.3 per cent to Lei 167.7bn (£5.9bn) last year while imports were Lei 164.7bn. The Lei 3bn surplus was equivalent to

The Romanian news agency Agerpress said 12.9m tonnes of oil were imported last year. This compared with 15.5m tonnes imported in 1980, according to the Romanian Foreign Trade Ministry. The decline also represented reduced Personners are appropriate to the comparison of the comparison of the comparison of the compared of the compare Romanian refinining of imported oil for sale in the West and idle refining

capacity.

Romania imported 1.2m tonnes of its oil from the Soviet Union last year which it paid for in dollars. Bucharest is anxious to

convince Western banks it is serious about boosting exports and restricting imports.
The Government introduced sweeping food price rises this week as part of a strategy to reduce large State

WARSAW - Poland's martial armed forces. law authorities, accusing their opponents of planning terror and revenge, have announced that almost a thousand dissi- daubed on buildings and quickly dems are facing summary con- obliterated by the authorities. A viction for offences against the favourite slogan, sighted in

in Polish courts

summary trial

Nearly 1,000 face

office in Warsaw said summary north and Wroelaw in the southinvestigations are under way west, is "The winter is yours, against 964 people accused of but the spring will be ours."

The government newspaper,

In a lengthy condemnation of munist party newspaper, listed unrest in the Lublit a number of underground leaf-suburb of Swidnik,

bloody civil war and tried to said yesterday. antagomise people against the Agencies

Reports reaching Warsaw from other cities told of anti-Government slogans being places as far apart as Zamose Prosecutor-General's in the south-east, Gdansk in the

The government newspaper, imposition of military rule last Rzeczpospolita, said trouble-December. The offences in makers in Gdansk had involved cluded continuing the activities children in their activities by of suspended organisations, concealing in their schoolbass of suspended organisations, concealing in their schoolbags organising strikes and related leaflets calling for defiance of propaganda campaigns, and undermining Poland's defence potential and its alliances.

Travellers from the Lublin

region of East Poland said they dissident activity yesterday had heard reports of tightened Trybuna Ludu, the official Com- martial law restrictions after unrest in the Lublin industrial lets now in circulation, includ- • An explosion in a workers ing one calling for "Death to hostel in Wroclaw on Monday the Reds." killed a 21-year-old man and

Trybuna Ludu said other leaf-destroyed part of the building, lets predicted there would be a the Polish news agency, PAP,

Banks tally debt payments BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

checking yesterday to see of last year, whether Poland had completed The che payment of its 1981 interest arrears amid signs that transfers of funds were stepped up ahead of Monday's deadline.

"We are hearing everywhere of more payments coming in." said one banker, "but it could be as late as next week before all the data are complete."

The banks need to know that agreement. all the payments have been made before they will set a

WESTERN BANKERS began cial banks in the final quarter

The checking process is lengthy and complicated because each of the 500 banks has to report its position to the national co-ordinator of its own country which then has to pass on the information to accountancy firm Peat, Marwick Mitchell who are auditing the

Preparations for the signing, which would have stopped at date for signing the agreement once if early indications had to reschedule some \$2.4bn of been negative, are meanwhile

Three directors jailed in **Dutch pollution trial**

BY CHARLES BATCHELOR IN AMSTERDAM

A DUTCH COURT has sen- and Mr Magnus Souverein to tenced three directors of a one year's imprisonment for bankrupt waste disposal com-pany to two-and-a-half years' and to 18 months for fraud. Two jail for failing to comply with other Uniser officials were sen-environmental controls and for tenced to 10 and seven months Sentencing the men from

Uniser Holding, a judge in so powerful that they began to Breda criticised the Dutch decompose the suits of divers cal industry in its deal- investigating a polluted ings with the company. Uniser dumped thousands of gardeners in Belgium were gallons of polluted liquid waste corroded by ash left after the into rivers and sold toxic resi-

dues to unsuspecting companies for use as fuel, the court decided.
The two-month trial of the three men and of two semor officials of Uniser was the largest of its kind held in the

Netherlands and followed 19 months of police investigations. The judge ordered a lesser penalty than the four- to four-and-a-half years demanded by the public prosecutor because several charges, including one that the company had deliberately misled waste suppliers,

He sentenced Mr Gerrit Bernouw, Mr Fred van Driel had been satisfied.

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KEY TALKS between the French Government and unions over the size of this year's pay down yesterday after the Government declined to improve

bed. Handcarts used by market burning of fuel residues supplied by Uniser, it was alleged Uniser claimed it could pro-

cess 200,000 tonnes of chemical waste annually, but its process The pro-Socialist CFPT union expressed its strong disappointment, and spoke of "a dialogue of the deaf." The Communistled CGT took a predictably tougher line saying that the budgetary allocation for pay increase in the sixtle community. ing capacity was inadequate, the public prosecutor said. Several chemical companies continued to deliver waste pro-ducts to Uniser despite warnings from the Ministry of Water Control that it was suspected

of illegal dumping.

A representative of Shell Chemicals, part of the Royal Dutch Shell group, told the court that the company had inspected Uniter's facilities and had been participal.

Some of the chemicals were

during the trial.

French pay talks collapse

increase for civil servants broke

The seven unions involved in

top of 0.3 per cent already granted in January. The formula envisages "catch-up" payments being made in June and December if the inflation rate should be above 10.5 per cent. Apart from lowering the inflation rate, the Government's

Food boycott move



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By David Housego in Paris

its proposals.

the talks reacted sharply to the Government's refusal to move from its offer of 105 per cent in four staggered increases, which it sees as a crucial element of its attempt to bring down the rate of inflation from its 1981 level of 14 per cent. The pro-Socialist CFDT union

creases in the civil service this year was insufficient to maintain purchasing power. Civil servants hoped more from a governmen

of the Left, a spokesman said.

The Government's proposals

for the civil service—which will inevitably provide a guideline for settlements in industry are an attempt to break the virtually automatic indexing of wages to the inflation rate. This has been an important factor in perpetuating high levels of inflation in France. They envisage increases for the country's 4m civil servants of 2.6 per cent in March and June and 2.5 per cent in September and December on

aim is to secure a real increase in purchasing power for the lowest paid.

Italian consumers might boy-cott French food imports in retaliation for the Mitterrand Government's restrictions on Italian wine, Fabrio Fabri, Agriculture Under-secretary, said. AP-DJ reports from Rome. He said he hoped the "wine war" could be ended before President Mitterrand's Italian visit on



China opens bidding for offshore oil

BRITISH Petroleum, which has carried out extensive seismic survey work in China's offshore waters in the past several years. will be among the 46 foreign companies invited by the Chinese to enter the first round of bidding for oil exploration

The China National Offshore Oil Corporation, which was established on Monday to oversee foreign involvement in the development of oil reserves along the Chinese coast, announced vesterday that it had officially opened bidding for exploration leases over a total area of 150,000 square kilo-

Only companies which contributed more than \$200m which the surveys are estimated to have cost, are eligible to enter

interest in bidding by the end of March. If they indicate an regulations. interest, they will be formally Areas open asked to bid for exploration expected to contain large re-

An official for the Chinese oil corporation said that after ment of China's offshore oil March 30, those registering an reserves will cost around \$20bn.

Dr Mana Said Al-Oteiba, president of the Organisation of Petroleum Exporting Countries called yesterday for swift cuts in oil production to deal with the current world glut, ruling out the other option of lowering Opec official prices, Reuter reports from Abu Dhabi.

Dr Oteiba, oil minister of he United Arab Emirates, told the daily newspaper Al-Bayan: "Cutting prices will not solve the problem of the market surplus. The success-ful solution is to cut produc-

The henchmark of \$34 for Saudi Arabian light crude would remain, he said.

have cost, are eligible to the bidding at this stage.

The area opened to blds includes parts of the Yellow and South China Seas and a section South China Seas and a section Among the documents.

Colf. Companies Among the documents are a further tag model contract and further tax

Areas opened for bidding are serves, the official said. It is estimated that develop-

Saudis hit back at PLO attack on U.S. links

BY OUR BEIRUT CORRESPONDENT

SAUDI ARABIA has been angered by remarks made by Liberation Organisation, with the State-controlled Saudi Press issuing a reminder that Saudi has been buying querrilla bullets.

Saudi Press editorials and a statement by Sheikh Mohammed Abdo Yamani, the Information Minister, have indicated that Riyadh has been stung by the remarks made by Mr Abu Iyad, the second-in-command in the guerrilla movement.

Mr Iyad had told the Lebanese English - language weekly magazine Monday Morning that the setting-up of a joint Saudi-U.S. military committee was a mistake, and that Yassir Arofat the PLO charman it will promote the establishment of U.S. military bases in the Gulf region.

The military committee was formed after a visit to the to the PLO's expectations of a kinedom earlier this month by major Israeli military attack Mr Caspar Weinberger, U.S. against Palestinian positions in Defence Secretary.

Sheikh Yamani rejected "all insinuations" about the comofficial of the Palestine mittee. In a statement to the Government-run Saudi Press agency, he said the object of the committee is nothing more than following up on military purchases and projects between the kingdom and the U.S.

The Saudi daily Al Riyadh in an editorial quoted by the Saudi State radio, asked yesterday: Who is paying for the bullets with which the Palestinians are fighting, and who is backing the confrontation States?" It answered: "It is Saudi money and Saudi patriotism."

The exchanges coincided with a visit to Riyadh by a high-ranking PLO delegation which is carrying a message from Mr to King Khaled. The delegation is led by Mr Araafat's political

adviser, Mr Hani Al-Hassan. The leter is believed to relate

Syrian Government forces keep up siege of Hama

northern city of Hama yesterday trying to cradicate pockets the three of rebels still holding out after regime. 15 days of fighting. Ba'ath party mulitia are making house-to- independent confirmation of house searches for weapons claims by the Syrian opposition belowing to the fundamentalist that units of the regular army

Government soldiers are in the first floor of a hotel, they do the Syrian capital, with not know if they have the buildsouthern Turkey has now been the Moslem because Damasaus said

SYRIAN GOVERNMENT forces ment wholly to crush the revolt continued the siege of the two weeks after it started the threat to President Assad's

However, there has been no Mastern Brotherhood, changed sides during the early "The situation is that if the stages of the fighting in Hama. The road linking Damascus,

re-opened, with a detour around Brothers might be in a room Hama. Journalists are still to tairs," one observer in banned from leaving Damascus amuscus said.

The inability of the Govern-rebellion remains patchy.



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S. Africa plans new security **Ministry**

By J. D. F. Jones and Bernard Simon in Johannesburg

Government will set up a new Ministry of Law and Order as part of its acceptance of the recommendations of the Rabie Commission, whose report was tabled in Parlia-ment a fortnight ago.

Government accepted in principle the other main recommendations of the Rabie Commission of inquiry into security legislation.

should be maintained though such as regular visits by a magistrate and a district

ment yesterday, meanwhile, that Dr Neil Aggett, the South African trade unionist who died in detention 10 days ago, had been assaulted by police during lengthy interrogation sessions; according to a letter written by another

Parliament by Mrs Helen Suzman, the veteran Opposition spokesman on civil rights, during the debate on proposed changes in the country's security laws.

be expunged from the official Parliamentary record in terms of an carlier ruling by the Speaker that members may not refer to Dr Aggett's death during debates.

The author of the letter claimed that Dr Aggett had been hit with a belt or a rolled-up newspaper while naked and doing press-ups.
"I saw him being interrogated by approximately six guys," the letter said, adding: "He was sweating profusely and

According to the police, Dr Aggett, who had been in detention since last November, was found hanging in his cell within half an hour of being seen alive and well by a policeman.

Mr P. W. Botha, the Prime Minister, yesterday told Par-liament in Cape Town that the new Ministry would have two wings—the South African police and a Directorate for Security Legislation. The present Minister of Police, Mr Louis le Grange, would take over the new portfolio. Mr Botha said that the

The commission's main nclusion was that the threat to South Africa was so great that detention without trial interrogation purposes with a number of safeguards

It was claimed in Parlia-

The letter was read to

After Mrs Suzman had read the letter, Mr le Grange asked that all reference to it

when once he nearly fell over a chair with exhaustion, he was further harassed."

A pathologist appointed by Dr Aggett's family to attend his post-mortem is understood to have found no signs of physical hurt beyond neck injurles.

Mr lc Grange said that he would investigate allegations made in the letter read by Mrs Suzman. He added: "The knowledge at my disposal is that (they) definitely cannot be true."

Bitter rivalries among Zimbabwe's leaders are worsening, writes Michael Holman

Mugabe grapples with a political cobra





The wrath of the followers of Mr Mugabe (top) is unlikely to be assuaged by yesterday's liquidation of 11 companies owned by the party of Mr Nkomo (bottom), following the discovery of huge arms stockpiles on the party's property. The split between the two coalition parties is too deep for that.

described his coalition partner Joshua Nkomo, last weekend, as "a cobra in the house," he was using in public the lan-guage which his own party officials have been using in private ever since the Zimbabwe coalition government was formed after independence

However, yesterday's liquida-tion of 11 of Mr Nkomo's Zapu-owned companies, following the discovery of huge arms stockpiles on the party's property, is not likely to assuage the wrath of Mr Mugabe's followers. The bitter rivalries, which separate Mr Mugabe's Zanu and Mr Nkomo's Zapu in the early 1960s, have never ended,

in spite of a nominal military alliance during the seven-year guerrilla war which led to independence. Indeed, in the course of the war relations were, if anything, made worse. Mr Mugabe, in a reference calculated to rub salt into still open wounds, reminded a rally of the ruling Zanu last weekend that Mr Nkomo had, during that war, taken part in secret negotiations with Mr Ian Smith, the former Prime Minister.

It was not surprising, then that when independence elec-tions were held in February 1980, Zanu turned down Mr Nkono's suggestion that the Patriotic Front—a loose alliance between the two —should contest them as

a single party.

Mr Mugabe's conviction that he could comfortably win as Zanu alone proved correct. The party swept home with 57 seats Zapu's 20 in the 100-seat parliament—20 seats went to Mr Smith's Rhodesian Front white MPs. Under the circumstances, Mr Mugabe's willing-ness to bring Zapu into government-it currently has nearly a quarter of the cabinet seats was both generous and politically sound.

WHEN Robert Mugabe, the Zapu stronghold of Matabele his anger at the formation of Mr Nkomo's leadership is sus Prime Minister of Zimbabwe, land, home of around 18 per what looked like a Practorian pect. cent of the country's population and Bulawayo. This is the country's second largest city— an important light industrial centre and headquarters of Zimbabwe's railways.

But there were rumblings from the stant. Senior Zanu officials made no secret of their

Guard, loyal not to the Government of the day but to Mr Mugabe and Zanu.

The episode fuelled debate within Zapu between the younger, Ndebele members who argued that the party should reject the coalition and establish itself from the start

Unless Mr Mugabe breaks the terms of the Laucaster House constitution—which rules out a legal one-party state for seven years-he will have to live with the prospect of an angry Mr Nkomo on the political rampage.

Nkomo in particular — was not to be trusted. For their part, Zapu convinced themselves that the elections were unfair, accusing Zanu of intimidating voters, using much the same language as white politicians in the past complaining about the tactics of black nationalist parties.

Yet the coalition oversaw a major achievement. It brought the two parties' two forces (which had occasionally clashed in the field during the war of independence), into a mational ermy, living in barracks and more susceptible to discipline,

But for Mr Nkomo - who played a valuable conciliatory role when rival units clashed in Bulawayo and the Midlands a year ago --- it must have been a painful process. He had to dismantle the army which he had painstakingly built up over the years, and which gave him political clout during the

Worse was to come. year Mr Mugabe announced the formation of a North Korean trained fifth battalion, over-Zanu guerrillas. The decision Zanu managed to win a was not taken in consultation single seat in the traditional with Mr Nkomo, who vented

belief that Zapu — and Mr as the opposition, and a group - including some of the most prominent Shona members -who argued that Zimbabwe's tribal arithmetic made any election victory highly improb-

> Mr Nkomo has tried to straddle the two groups, but he has left most observers with the impression that this veteran politician, who may still believe that the leadership of Zimbabwe is his rightful political heritage, was biding his time.

Hence, when Mr Mugabe anounced recently that talks with Zapu were soon to begin on the establishment of a oneparty state, Mr Nkomo angrily declared that he would contest the next election.

But that announcement pre-ceded the revelations about massive arms caches—enough to equip a small army, if reports are correct—on property owned by Zapu.

Mr Nkomo is now in an

invidious position. If it can be shown that he was implicated in any way with the caches—prior knowledge of which he has denied, saying that the weapons whelmingly manned by former were planted—his role in the coalition is at an end. If, on the other hand, the carbes are the

Mr Nkomo enjoys a well deserved reputation as a tough, no-nonsense party president. leading with a mixture of benevolence and ruthlesaress, controlling the party purse strings and well-served by his intelligence staff.

If a rebel group in his party has been able to operate secretly under his nose, party members will surely wonder whether the "Mdala"—the old man—of Zimbabwe politics is losing his

Mr Mugabe is also in a difficult position. Even if responsibility for the caches cannot be laid at Mr Nkomo's door, the Prime Minister may feel he now has sufficient grounds to purge the Cabinet of its Zapu members—as many of his supporters are demanding his supporters are demandingor reduce their numbers and responsibility, in addition to the liquidation

companies.

For Mr Nkomo, who has long been chaffing over his demotion last year (from Minister of Home Affairs to Minister without Portfolio), it could prove the last straw.

Mr Nkomo might well be tempted to pull out of the coali-tion and formally declare Zapu an opposition party, fastening, for example, on the slow progress in the resettlement of former white-owned land by peasant farmers—a highly sensitive issue, calculated to raise the temperature of

Unless Mr Mugabe breaks the terms of the Lancaster House constitution—which rules out a legal one-party state for seven years—he would have to live with the prospect of an angry Mr Nkomo on the political

Alternatively, Mr Mugabe could take the drastic action implied in his bitter weekend attack on the Zapu leader: "The only way to deal effectively with a snake is to strike and destroy its head. That may be

Malaysian tin price offensive takes step forward

BY WONG SULONG IN KUALA LUMPUR

outout He will go on to Bangkok in policy lies in Malaysia's posilater as part of a tour to tion as the world's leading encourage Malaysia's other exporter of rubber, tin, palm oil, South-East Asian (Asean) to form a producers' group. Their plan will then be Bolivia and Australia.

This attitude contrasts problems. The Chinese-Malay rubber price sharply with Malaysia's policy mix is particularly vulnerable 30-year low. at the end of the 1970s of proto the boom and bust cycles The problems. moting co-operation between producer and consumer nations. based economies. For example, in August 1977, Datuk Musa, at that time Japan to try to persuade Tokyo mobilise the millions of dollars favoured by Malaysia, as they

policies of confrontation over price stabilisation programme. commodity prices a step for- Kuala Lumpur wanted to estabward today, when Datuk Musa lish an arrangement similar to Hitam, the country's deputy the Lomé Convention between Prime Minister, flies to Jakarta, the EEC and African countries, to try to convince the Indo- but the Japanese politely nesians to join it in reducing tin rejected the proposal. The importance of this shift

confrontation

During booms, everyone gains. However, the biggest Mulaysian Prime Industries winners are the traders and national Minister, led an Asean team to urban class, who are able to ments.

Rs 3.15 in four years.

creases and incomes rise. In fact,

demand for commercial fuels is

rising faster than the growth of

An official working group on

Gross Domestic Product.

Energy conservation.

sources of energy such as

forestry and biogas, especially to

meet the energy requirements of

MALAYSIA TAKES its new to co-operate in a commodity flowing into the system. But provide a safety net against other commodities. Agricultural who are hit the worst, as they again. have little to fall back on.

> stage-to moderate its stance, if only consumer nations show ers greater appreciation of commodity producers' problems. Datuk Musa has had vivid.

Nations stantial exporter of natural gas, problems. In November 1974 Malaysia's slide into price a few weeks after being made onfrontation has been Primary Industries Minister, he presented to other key tin- hesitant—the Government is was nearly beaten up by angry producing nations, such as preoccupied with the country's farmers who rioted in Baling potentially explosive racial in Kedah state, because the problems. The Chinese-Malay rubber price had fallen to a

The prolonged global rewhich characterise commodity cession and President Ronald Reagan's philosophy has cast a big shadow over the future of intercommodity agree-These pacts

Malaysia blames the present

For this reason, Malaysia is U.S. Administration for much prepared—even at this late of the tension between commodity producers and consum-The Asean countries find themselves in a dilemma. They

are political allies of the U.S., yet are increasingly at odds ties, which are their economic As the price war escalates be-

tween the tin producing and consuming nations, there is a strong likelihood that the Sixth International Tin Agreement will not come into operation in

In such an event, the formation of "Tinnec"-the so-called grouping of tin producing countries-would be inevitable. But the issues also extend

in a depression, it is the poor prices plunging to levels which exports such as rubber, palm farmers, most of them Malays, could provoke farmers to riot oil, coconuts and timber are far more important to Asean countries than tin in terms of employment and foreign

The Asean countries, in particular Malaysia, can only be thankful for the existence of the International Natural Rubber Organisation, the safety net with Washington over commodi-rubber in an over supplied

> Asean agricultural exports, on the other hand, are more vulnerable. The U.S. is still the biggest market for these exports. which are allowed duty-free access. This is a lever which Washington may well use.

> The Asean countries know they are treading on delicate ground. But they are still determined to get a bigger voice marketing of their vital exports.

Energy Review: India's oil and gas

By R. C. Murthy in Bombay A long haul to self-sufficiency

covenies in India's offshore areas has heightened excitement about is sulphur-free and light. the prospects of self-sufficiency. But it is far out of proportion to the modest size of the finds. India's oilmen have found hydrocarbons in three different docations in six months. The Oil and Natural Gas Commission (ONGC), one of the two government-owned organisations engaged in oil exploration and production (the other is Oil India), struck oil three months back in Palk Bay at the southeastern fringe bordering Sri Lanka. The area was explored

earlier by Asamera, a Canadian company, which had drilled a well to the south west of Rameswaram, a Hindu temple town, and found no oil. The country is facing something of an oil crunch. India imported more than 24.5m tonnes of crude and oil products in the year to March 1981, at a cost of Rs 60bn (about £3.5bn), absorbing 75 per cent of export earnings. That was an extraordinary year because oil production in north-east India was disrupted by strikes. But oil imports continue to be high: imports in 1981-82 are projected at 19m tonnes (54 per cent of total requirements). Unless domestic production is lifted and imports slashed, the Indian economy faces the danger of The Indian Government has realised the seriousness of the problem and has redoubled exploration and produc-

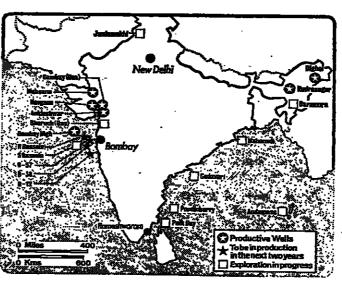
tion efforts. Every oil strike, irrespective of size and potentiel, brings theer to Indians. ONGC struck oil north-east of Rameswaram. It was the first cent of India's total energy time that oil had been found in needs, is projected to grow 10 upper cretaceous formation in India, although it is nothing in 1980-81. This is an overunusual the world over. The well was drifted in only nine metres of water by a floating drill barge, unlike the deepsea wells in offshore Godavari,

A STRING of oil and gas dis- is 1,500 barrels a day at a well depth of 2,000 metres. The oil second well, spudded in the 40-sq km structure early in January, has also yielded oil but at a greater depth than the wells are to be drilled to determine the commercial viability of the Palk Bay Field. There are two more such structures in the vicinity.

On the west coast, "Sagar Samat," ONGC's first and lucky self-propelled jack-up rig, struck oil in a new 80 sq km structure named B-57. B-57 is midway between the west coast and Bombay High, now the main domestic source of oil 160 km off Bombay. The rate of flow rose from 1,030 b/d to 4,400 b/d within a month of discovery. Onshore, ONGC found gas at Bharuch in coastal Gujerat in western India. The tures is yet to be established.

A change is seen in the ONGC exploration strategy, the emphasis is shifting to deltaic regions from mere anticlines and to relatively older rocks from younger rocks. The gamble appears to be paying off; oil has been found in the Godavari and Cauvery (Palk Bay) deltas. These off strikes have coincided with the entry of Colonel S. P. Wahi, as ONGC chairman, who aims at India achieving self-sufficiency in oil. "With an element of luck we will find all the oil we need," says Col Wahi.

Demand for petroleum products, which account for 50 per per cent a year from 620,000 b/d optimistic forecast as growth in petroleum products consumption has been depressed at an annual average 6 per cent in the past three years. The price about 600km north of the Palk of gasoline has almost doubled meet the energy re-Bay Field. The rate of flow to Rs 6.15 per litre from rural communities.



But there is a continuing shift in the pattern of energy consumption from non-commerand coal. cial fuels like firewood and .By adopting the principle of animal waste, used predominantly in villages, to commercial fuels (electricity, oil and gas for instance) as industrialisation in-

energy policy estimated a minimum three-fold increase in oil India's difficulties over oil requirements to 1.86m b/d in adopted a four-pronged strategy to reduce the dependence on imdemand for commercial energy. Demand management for petroleum products to maximise the use of indigenous resources. • Exploitation of renewable re-

 Accelerated exploitation of domestic energy resources-hydro and nuclear power, oil

import parity for oil products pricing, the planners propose to increase the demand for cheaper coal an annual average of 12.79 per cent in the five years to March 1985, the period covering India's sixth five-year plan. Electricity output is to grow an annual average of 11.3

have arisen for two reasons. AD 2000. The Government has First is the neglect of oil exploration until a decade ago. Secondly, India's priorities ported oil and meet the growing have differed over the past decade. National resources were North Bassein B-37. B-38 and committed to achieving self-reliance in oil refining and marticular tonnes in three years, besides of the response. The blocks

India hitched its bandwagon to the Soviet Union for oil exploration and by 1973, the Ankleshwar and Allabet fields in Gujerat and oilfields in north-eastern state of Assam owned by Oil India together produced 80,400 b/d of crude. There was no progress in offshore exploration because the USSR did not have deep-sea drilling techno-logy. But the first major world oil price hike of late 1973 gave an impetus to offshore explora-tion. ONGC spudded the first early 1974 and developed the structure rapidly with the help of CFP of France, yielding 40,000 b/d of oil in two years, a record comparing favourably North Sea.

But India is again in a desperate situation after the 1980 world oil price rise. The trade gap soared to Rs 52hn in the year to March 1981 and a similar amount is projected for 1981-82. India has the challenge of bridging the trade gap in three years by ushering in structural changes in the Indian economy—a condition stipulated by the International Monetary Fund for sanctioning a \$5.8bn

India has formulated a crash plan to raise oil production, on-shore and offshore, to 38m tonnes of oil and oil equivalent in gas in the year to March 1985, CFP is to help ONGC to increase oil production from Bombay High and its satellite fields of sold their assets for the Govern- yield 7m tonnes a year. Oil manger policy."

ment rather than see them stag- India is expanding production in Assam and stepping up exploration in the north-east and the Mahanadi Delta.

But the accelerated production programme will solve India's energy problem only in the short run. The medium term solution is to find new domestic sources of oil and, in the long run, achieve substitution of oil with other energy

sources. Clearly, the Indian Government is torn between the objective of self-reliance in oil and the need to increase production. well in the continental shelf in It has made some compromises. Chevron, a subsidiary of Stan-dard Oil of California, is, after two years of protected negotia-tions, to be allotted a block in record comparing favourably the continental shelf off the with the Ninian Field in the Gujerat coast, known as Saurashtra 11. It will be the first multinational to come on the Indian où scene since Asamera, Reading and Briter and Nort-romers Carlsberg pulled out of the country after a fruitless search for oil in 1976.

A number of oil companies are eager to come in but they are debating if it is worthwhile to sink money in new explora-tory wells in the remaining 31 offshore and onshore blocks offered by the Government given the stiff conditions for production-sharing. The crux of negotiations as the criteria for determining the "fair market price" of oil produced from the new fields and the element of profit the Government is prepared to concede to cover exploration risks.

The Government intends to keting: for decades public sec- producing 2.25m tonnes of asso- offered, says a representative keting: for decades public see- producing 2.23m tonnes of asso- of one oil company, were not marketing network were free gas. The Russians are to even second rate. All reasonmarketing network were free gas. The Russians are to even second rate. All reason-expanded at the expense of assist ONGC to revive 200 on ably potential areas were foreign oil companies operating shore wells in Gujerat to raise reserved for ONGC and it was in India. In frustration, oil production from 3m tonnes to trying to take on more than it Burman, Shell, Esso and Calter 4.5m tonnes. Assam fields are to can chew. "It is a dog in the

el liolman

obra

dis was



1/4/5 "OK.Who's blabbed about & new EuroClass?"

> We had better own up. This picture is a fake.

> People are not walking along the wings: of other airliners and climbing into ours.

> But it seems they are walking from other airlines' ticket counters and booking

In the last three months we've been carrying8 percent more full fare passengers, and an 8 percent increase is not to be sniffed at in the airline business these days.

The only thing we can put it down to is our new EuroClass which came on stream last November

This, at any rate, seems to be what other airlines are putting it down to, and they are just a little miffed about it.

Possibly because our seats are now wider apart than theirs, only two or three inches, it's true, but inches where it can hurt most: between the small of your back and the knees of the man behind.

Perhaps they're not too keen on the idea that our drinks are free.

Or that our meals have a decidedly Scandinavian flavour and come in decidedly Scandinavian portions.

Or that according to the latest figures

we are now the most punctual airline in Europe.

Probably, though, it's because we have special lounges for EuroClass passengers in our home airports, where you can buy cocktails, take coffee, read the very latest

magazines and ask us to book flights

and hotels for you. Do other air - Scandinavian Airlines System. lines offer you any of these things for the standard economy fare? Check before you fly. It's a lot easier to switch.

Reagan moves to prevent fresh rift with Israelis

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

THE REAGAN Administration that although he had discussed veapons to Jordan,

a personal letter to Mr Menahem Begin, the Israeli Prime Minister, reaffirming U.S. be a factor in meeting any support for Israel, despite request from Jordan, There was occasional Washington criticism no proposal or plan to sell of Israeli actions.

The U.S. moves were in House said. response to anger in Israel over suggestions, attributed to Mr Caspar Weinberger, the that he had had a major dis-Defence Secretary, and his agreement with Mr Alexander senior aides, that the Admini-Haig, the Secretary of State, on stration would favour selling the Jordan arms controversy announce his leng-awaited plan F-16 fighters and mobile Hawk and other issues. He admitted for aid, trade and investment

yesterday moved swiftly to head off a new rift with Israel and denied that it had any question was premature. "There plans to sell sophisticated is no request pending," he said. The White House said Washington was determined to main-President Ronald Reagan ington was determined to mainwas reported to have drafted tain Israel's margin of military superiority—as Mr Reagan has pledged—and that this would be a factor in meeting any

> Mr Weinberger also went out of his way to discount reports missiles to that the two men had occasional ing, in Mr differences, but said that they

weapons to Jordan, the White

"I have no feud with Al Haig. I have the greatest admiration for him." Mr Weinberger said. A similar effort to defuse tensions between the State and Defence Departments was made my Mr Haig on Monday. Mr Weinberger added that

he agreed with Mr Haig that the U.S. must do "whatever is necessary" to prevent the overthrow of the U.S.-backed Duarte Government in El Salvador. "We do have to make sure that we den't allow on the mainland of the U.S. a bastion of Communism—a foothold," he

The White House said that Mr Reagan would probably announce his long-awaited plan anti-auter and missiles to that the two men had occasional support to friendly countries in Jordan—disrupting, in Mr differences, but said that they begin's view, the military balance in the Middle East. Administration policy was Mr Weinberger yesterday said decided.

The auter is and investment support to friendly countries in the Caribbean Basin some time next week. He is to give a separate Press conference tomorrow afterneon.

Brazil party merger criticised

BY ANDREW WHITLEY IN RIO DE JANEIRO

BRAZIL'S military-led govern- holds more than 170 seats in the pronounced on the subject. ment reacted quickly yesterday 420-strong chamber of deputies, to a merger of two of the the lower house of the Federal country's main political parties. Congress, against 219 seats held the middle of the road Partido by the ruling Partido Demo-Popular (PP), the third largest cratico Social (PDS), the miliin the country, and the main tary's vehicle in the political opposition group, the Partido arena, do Movimento Democratico The Braziliero (PMDB).

The merger took place at a joint convention in Brasilia over the weekend, despite continuing opposition from within the PP's own ranks. The PP was only two years old.

A spokesman for President Joan Figuerredo was yesterday quoted as describing the merger challenges from the Government as a "stumbling block" in the and from dissident PP members, 'abertura" programme of political liberalisation, and as a

backward step. Gen Figueiredo's inner circle of aides are reported to be particularly irritated by the convention's choice of a radical lef-winger. Sr Francisco Pinto, terday's jornal do Brasil as suring the survival of the refor the post of secretary general

Salvador army

guerrillas killed

The army plans to encourage

rural residents who had left

the area in recent months in

fear of civil strife to return

Morazan province was said to be a routine search and clean-

up mission. It was not clear

whether it was continuing.

and resume their daily lives.

ient casualties, a

claims 400

from San Salvador.

The convention elected a new-70-man directorate, awarding the main posts in the leadership to incumbent PMDB stalwarts. the honorary position of first

vice-president. The merger still faces legal challenges from the Government who are unhappy with the disappearance of the only party press as well as comment that claiming to represent the the merger may not survive liberal, middle ground of beyond the election.

Meanwhile the Government Brazilian politics.

of the party.

Only be legitimised when the three of which nave a roomed. The newly enlarged PMDB Supreme Electoral Tribunal had in the Chamber of Deputies.

If the merger overcomes all hurdles, the PMDB, with its strong left wing, could pose a considerable challenge to the Government, especially in the important gubernatorial elec-

PDS analysts admit that the opposition could easily win six states, including Rio de Janeiro and Sao Paulo, while the PMDB itself has high hopes in at least

The disappearance of the PP, which at one time hoped privately to be invited to take a part in government after next November's general elections, has prompted regret in the

Brazilian politics. Meanwhile, the Government A high level source in the has confirmed publicly that it presidency was quoted in yes- is actively studying ways of enwarning that the merger would maining small political parties, only be legitimised when the three of which have a foothold

Recession deepens in Argentine car industry BY JIMMY BURNS IN BUENOS AIRES

Argentina's automotive indus-lry was underlined this week by statistics showing the worst

The sector's monetary recovday nulttary sweep in south-lry was underlined this week eastern El Salvador without by statistics showing the worst military official said, AP reports | 16 years.

According to the lastest Between 150 and 200 guermonthly report from Adefa, the rillas were said to have escaped association of automobile manuthe army operation in Usululan | facturers, the major motor comprovince, 105 miles from San panies-Ford Argentina, Rearms and medicine were joint company, Sevel, Mercedes located and destroyed. Two soldiers suffered slight wounds duced a total of 9,988 vehicles.

This represents a 30.3 per cent drop compared with December last year, and a 59.9 per cent decline compared with production in January 1981.

A second army operation in fell by 30 per cent, reversing forazan province was said to an upward trend experienced in Total vehicle sales last month the sector since September last

year. Earlier, a rebel radio station all motor manufacturers in said the army had not been Argentina during the recession as successful in its operations has been continuing high in-

AT LEAST 400 left-wing THE DEEP RECESSION in both the financing of new

ery in the last quarter of 1981 -vehicle sales in October increased by 45 per cent—largely reflected the impact of a 7 per cent reduction in motor

The measure was applied by camps with a large quantity of arms and medicine work argentina, the Peugeot-Fiat Lorenzo Sigant, under pressure Lorenzo Sigaut, under pressure from the major manufacturers, led by Ford.

At the end of last year, however, the motor tax was raised to its previous levels by the in-coming Government of Presi-dent Leopoldo Galtieri, and the selling price of cars and commercial vehicles have again

Sr Roberto Alemann, the present Economy Minister, has made non-interventionism one of the main points of his programme, but the Government is liable to come under increasing demands from employers and unions to reach a new terest rates. These have offected agreement with the sector.



U.S. unions question military spending

By Our U.S. Editor in Washington TRADE UNIONS in the U.S., traditionally strong sup-porters of job-creating defence spending, are beginning to question President Ronald Reagan's plans for a massive military build-up at the expense of social programmes.
At its annual mid-winter
meeting in Bal Harbour,
Florida, the AFL-CIO, the

country's main labour federation set up a special committee to take a searching look at Mr Reagan's proposal for \$33hn (£18hn) increase in military spending in fiscal year 1983, which "may be too much" according to Mr Lane Kirkland, the federa-

tion's president. The federation's executive council urged Congress to finance "any increases found necessary" through a pro-gressive surtax on companies and individuals rather than put the burden squarely on the backs of working Americans and the poor." The alter-native hudget proposed by the AFL-CIO would leave social programme untouched.

Support for strong defence had been one of the few areas of agreement between the AFL-CIO and the Reagan Administration. The federa-tion's policy shift is another indication of the difficulty Mr Reagan is likely to face in pushing his 1983 budget through Congress in anything like its present form.

The federation also called

for a \$23hn job-creating pro-gramme which would be partially financed by increased. income tax receipts as the unemployed returned to work, and partly by limiting Mr Reagan's planned income tax cuts for 1982 and 1983 to a maximum of \$700 per family.

Delayed talks over Falklands to go ahead

DELAYED TALKS between Britain and Argentina over the future of the potentially oil-rich Falkland Islands, the disputed British colony, are to go ahead in New York on February 25 and 26, the Foreign Office announced yesterday.

Fresh negotiations were due to take place in Geneva late last year but were postponed at Argentina's request because of the Government reshuffle that followed the removal of General Roberto Viola, the President.

TRADE FINANCING WORTH \$850m ARRANGED

Papua New Guinea mining boost

BY PAUL CHEESERIGHT, WORLD TRADE EDITOR

TRADE FINANCING worth others are: \$850m (£462.6m) has been arranged to buy goods and ser- Finance and Insurance Corporavices for the development of tion of Australia; this roughly Ok Tedi Mining's copper and doubles the Corporation's lend-gold deposit at Mount Fubilan ing portfolio; in the west of Papua New Guinea, close to the border with Indonesia.

The financing will enable Ok Tedi Mining to undertake the by Osterreichische Kontrollfirst stage of exploitation of the bank, deposit by 1984. It is one of the world's largest greenfield min- ling to ing developments.

arranged a \$100m export credit, supported by the Export Credits rates which prevailed to last Guarantee Department, thus November.

• \$242m from the Export Ok Tedi mine.

• \$88m from the Export Development Corporation in Canada: • \$50m from Austria backed

ling \$480m, are broadly identical in their conditions. Lloyds Bank International have been signed just in time anounced yesterday it had to take advantage of the minimum international export credit

sioning of the first stage of the Fourth, Citicorp International

sources. The first is \$70m of shareholders funds. Ok Tedi gesellschaft. Degussa and Ent- Bechtel Great Britain.

wicklungsgesellschaft, with the remaining 20 per cent.

num international export credit Second, Kreditanstalt fur ates which prevailed to last Wiederaufbau, the West Gerwovember.

Given that Papua New fixed rate financing, is provide-Guarantee Department, thus opening the way to the placing of orders with UK equipment suppliers.

Given that Papua new ing \$100m at a rate sugney country, this suggests a comhigher than the export credits.

Third, Overseas Private Investment corporation is lend-

is leading a syndicate of banks The remaining \$370m of in providing \$150m of flexible financing comes from four rate finance with options on the sources. The first is \$70m of currency used.

With the financing in place, Mining is owned by BHP the prime contractor at Mount Minerals of Australia with 30 Fubilan, the joint venture per cent: Amoco Minerals, a company of Bechtel Pacific Standard Oil (Indiana) unit, and Morrison Knudsen Interwith 30 per cent; the Papua national, which are both of U.S. New Guinea Government with origin, is poised to place major The four export credits, total- 20 per cent and a West German equipment orders. Orders in ing \$480m, are broadly identi- consortium, embracing Metall- the UK will be placed through

Some orders have come through Balfour Beatty Power Construction has a £1.3m contract for removable bridges to be used in the construction of access roads and J. C. Bamford Excavators is in provide loaders. Caterpillar Tractors and Terex. the General Motors Scottish

Doubts cast on oil and gas project

BY RICHARD C. HANSON IN TOKYO

exploration project.

island of the same name, de- gas that may be found. pends on continued supplies of equipment and technology which estimated \$170m in the exploraonly U.S. companies are in a tion project, which is expected position to supply.

At least some of the items in question are included on the tract with the Soviet Union, the list of goods which can no Japanese will receive LNG and longer be supplied to the Soviet oil produced at the site. Union under the terms of President Reagan's sanctions pro-

The U.S. specifically exempted the Sakhalin project from its 1980 sanctions against Afghanistan on the grounds it had an ongoing commitment to support the project. This time Washington has apparently made no specific reference to the project but has merely stated that prior commitments will be honoured, with certain major exceptions.

The exceptions are understood to include oil and gas equipment which was not either ordered or about to be shipped at the time of President Reagan's sanctions announce-

U.S. SANCTIONS against the of Japanese oil companies and Soviet Union have cast doubts the semi-governmental Japan on the futre of Japan's long- Petroleum Development Cor-standing Sakhalin oil and gas poration, the biggest shareholder. The Soviet Union is not The project, being conducted a partner in the corporation but in the waters of the Siberian remains the owner of any oil or Japan has already invested an

to produce results by about 1988. Under terms of the con-

But Japan risks losing its stake if operations are forced to be suspended by a lack of equipment The Japanese Government

argues that the U.S. should continue to provide the equipment because, unlike the Siberia-West Europe pipeline project, the equipment is not actually sold to the Soviet Union but remains in the hands of the exploration company. There have been reports that

the area may produce a considerable amount of oil and gas. But Sakhalin Development officials declined to comment on just how far the exploration has progressed. Meanwhile, the Japanese

ment Corporation whose mem against the Soviet Union, whom a positive influence on the bers include Gulf Oil, a number it holds responsible for the Soviet Union.



The steps will include curtailing technology exchanges, and certain dampers on trade with the Russians, in addition to the still-existing sanctions imposed by Japan after the Soviet invasion of Afghanistan more than two years ago.

The Government also plans curbs on the movement of Polish diplomats in Japan and restraints on new official credits to Poland.

The Government appears much more cautious about adopting sanctions this time, compared with its tough stance, in line with the U.S., after Afghanistan, mainly because of actions taken in Europe the last time at Japan's expense. Specifically, France "won" a specialty steel plant from the Russians after a Japanese company was forced to back down because of U.S. refusal to allow ment.

Meanwhile, the Japanese the American pariner to proThe project is being underThe project is being under

Japanese mission for-Europe By Our Tokyo Staff

JAPAN IS preparing to send a mission of businessmen to France and Austria, probably in May, to help smooth strained bilateral trade relations.

The Ministry of International Trade and Industry (Miti) will sponsor the group, to be headed by Mr Yoshizo Ikeda, chairman of Mitsui, Japan's second largest trading house.

The timing of the mission is linked to the first state visit of a French President by invitation of the Japanese Govern-ment. M Francois Mitterrand arrives in Tokyo in April, when the two governments are to officially agree on the mission.

France, which has become the most strident among the members of the European Community in its criticism of Japan, has requested that should dispatch Japan mission

It will be the second such mission to France, following one in 1977. It will be the first such economic mission to Austria.

• Agencies add: Mr Shintaro Abe, International Trade and Industry Minister, yesterday indicated that Japan is prepared to discuss its trade dispute with the EEC under the aegis of the Geneva-based General Agreement on Tariffs and Trade (Gatt).

Toyota and Nissan car sales show sharp fall

TOKYO-Both exports and declined by 16.7 per cent. domestic sales by Japan's two Toyota's vehicle exports largest car makers, Toyota and Nissan fell substantially in January because of a slow recovery in the home market and restrictions on exports to the U.S. and Europe, it was

announced yesterday.

Overall exports by Toyota. the largest car maker, went down by 9.6 per cent from a year before to 133,313 units. Exports of pasesnger cars and trucks to the U.S. showed a 9.9 per cent drop, U.S. shipments of passenger cars alone

Toyota's vehicle exports to the European Community fell by 30.3 per cent, while ship-ments of cars went down 25.5 per cent. Nissan reported similar

results. Its exports fell by 12.9 per cent to 113,083 units in the latest month. Overall shipments to the U.S. fell by 10.4 per cent from last January, while those of passenger cars alone showed

a 14.9 per cent fall. Nissan was in better shape

shipments slipped 4 per cent and passenger car shipments alone dropped 5.7 per cent. Officials of the two companies

than Toyota in exports to East, which began thowing Europe, though they also signs of recovery towards the showed a decline. Overall EEC end of last year, were providing

In January, a Nissan spokes-Officials of the two companies man said exports to the traced the declines to Japan's Netherlands and Denmark were self-imposed controls on especially poor because of exports to the U.S., Canada economic difficulties in those and some West European countries.

As in recent months, the two

Stagnation in Europe.

Toyota said exports to appreciation against major European currencies played a part in slowing down shipments

Wimpey wins

\$26.9m road

link contract

By Rick Wells in Khartoum GEORGE WIMPEY of the UK

has won a \$26.9m (£14.1m)
has won a \$26.9m (£14.1m)
contract for preliminary work
on the construction of the
376 km all-weather road link
hetween Juba capital of
Sudan's Southern Region, and

Kakuma in northern Kenya.

The project is jointly finan-

ced by the EEC's regional fund, which is providing ECU 10m (\$10.1m), \$10m in direct

U.S. aid and just over \$3m being

provided each by the Sudan

The main works contract is to

mprove drainage structures

which involve construction of 11 bridges and 49 box culvents.

as well as the upgrading of

The most direct route to

Juba is through Uganda, but political instability in that

country necessitated develop-

ment of an alternative overland

route. While most of the road

and Kenya Governments.

56 km of road.

UK exporters strengthen position

EXPORTERS

UK EXPORTERS are that eight-months person with But, apparently taking a cue the race for international pro- £2,25bn in 1980-81 and £1.875bn from the close inter-relationship jects business. The latest in 1979-80. figures on the value of buyer credits, supported by the Export Credits Guarantee Department, provide statistical backing for anecdotal evidence.

The value of buyer credits, the main financing vehicle for project business, was higher between April and November 1981 than for the whole of the 1980-81 financial year, Mr Kenneth Baker, the Minister for Information Technology, said

Speaking at an Institute of

Brazil now

ore exporter

Despite the recession in its

major markets, the Brazilian

By Andrew Whitley in Rio de Janerio

top iron

several years.

ore sales.

will happen depends to some state giant exceeded its own extent on how the Government earlier sales forecast by 2.3m

are that eight-month period last supply the buyer credits.

business is notoriously uneven, banks engaged in trade financing have noticed especially over the last year an increased number of contracts won in the £50m-£150m range. The trend has been evident in markets like Nigeria. Mr Baker noted that ECGD

guarantees and buyer credits at preferential rates of interest had helped to maintain exporters' competitiveness and liquidity.

of banks and industry in Japan Although the flow of project and West Germany, Mr Baker pusiness is notoriously uneven, urged the banks to explore "the great profit-earning possibili-ties " of financing overseas projects independently.

He also sought to induce com-

panies and their shareholders to take a view of commercial benefits that goes beyond yearly dividend payments — again an apparent reference to the ability of Japanese companies to nurse a market. "Are shareholders prepared

to shoulder risk, or to forego Directors conference on project business in London, Mr Baker said that £3.6bn worth of buyer credits were signed in

ore, confirming a trend of Dublin.

The plant, built in 1969, has been put on short-time working. Dr Franz Leibenfrost, Semperit's director-general, said that the situation has become "more critical" because of lower orders, and that shortduction staff of 800 may have to be extended.

The factory, with an annual capacity of 2.2m tyres, can survive, the chief executive Under that arrangement,

help to cope with the crisis at authorities, and in exchange the its subsidiary tyre plant in company was buying 450,000 tyres per annum from Dunlop's subsidiary near Cork.

> similar understanding with Fiat, the Italian car producer. Thus. if the Irish Government was willing to grant import licences for a certain number of Fiat in turn, contract to buy about 450,000 tyres per annum from Semperit's tyre plant in Ireland. The subsidiary plant in Ireland is part of the Semperit

will be inside Sudan, the project will start from Kenya where Wimpey has a wellestablished operation. Another important project in the southern region is the improvement of Juba sirport,

being undertaken by Compagnie de Constructions Internationales, which calls for construction of a 7,500-foot-long runway, capable of handling modern airlines, as well as airport buildings. The CCI deal is worth \$28m. CCI is contractor for the \$93m Jonglei Canal project

begun in 1978. It is hoped its labour and equipment force in Sudan will facilitate work on the airport project. Contracts for airfield light-

The ling, navigational aids and telecommunications and airport vehicles have not yet been

William Chislett, in Mexico City, predicts conflict on economic reform

Mexico faces fresh union battle faces a renewed battle with the companies. country's trade unions over

over reforms in wages and conditions, which have been under debate in Congress for years. However, the trustle is the bound up with the trade union greatly enhance the union movemovement's position within the ment's position in the PRI. ruime Institutional Revolu-tionary Party (PRI) and the party's attitude to the frag-mented left-wing parties in the struggle to a head. tial and general elections. The trade union movement is

has ruled Mexico for the past 52 years, although the signs are that the union wing is becoming increasingly discontented with the rest of the party. This is in spite of the PRI's longstanding claim to be a classless party, ruling by consent, and representing all national in-

The union sector of the party, representing 91 of its 300 deputies, is trying to persuade Congress to legislate on a series make their image more radical before the elections.

The reforms sought are: A 40-hour week to replace the present 48-hour week.

 Unemployment benefits. A price-indexed wages system. to be unhappy with the PRI's

vided by employers.

ployecs.

The price Sr Velazquez may Sr Arnoldo Martinez Verdugo, extent on how the Government learlier sales forecast by 2.3n and to government interest exact from the PRI for support the former Communist leader tackles the reforms argument i tonnes to reach 55.6m tonnes.

• Cheaper housing to be pro-

major economic and social reforms, like the 40-hour week, Ostensibly, the struggle is seven years ago by the PRI, However, the tussle is also ture of labour relations and It is the movement's attempt

> Sr Luis Farias, leader of the union leaders as "charros"-Congress, blocked the movement's latest bid to get the legislation moving by walking ness than that of the workers.
>
> Out of the chamber, taking so
>
> The United Socialist Party of many deputies with him that the union movement was left without a quorum to start a debate.

Velazquez, the octogenarian union leader, who has run the has been taking full page Confederation of Mexican advertisements in Mexican Workers (CTM) — the main newspapers to present its own union grouping-for 37 years. Sr Velazquez, who is often of key reforms in an attempt to referred to as the second most powerful man in Mexico after the president, called Sr Farias' tactic a "dirty trick." The incident left the impression that Sr Velazquez has started manoeuvering for position in readiness

presidential nomination, Sr Miguel de la Madrid, a conservative technocrat and former Union rights for bank cm- planning minister.

for the elections. He is known

district with the companies.

When though many of these concessions on the reforms over the companies of the part that the union wing of the PRI. whose deputies represent 5m unionised workers, or about 27 per cent of the workforce, must be seen to be more in sympathy with the poor if it is to avoid losing votes.

Moreover, the Mexican left, which will take part in the 1982 election for the first time, is becoming increasingly spoken, albeit fragmented. Critics often refer to the PRI

self-outs—who are more ready to do the bidding of big busi-The United Socialist Party of Mexico (PSUM), the left-wing party formed around the recently disbanded Communist Party, has been quick to capitalise on the failure of the This led to a sharp exchange capitalise on the failure of the between Sr Farias and Sr Fidel PRI union leaders to get the reforms moving. The PSUM

newspapers to present its own demands for greater reforms. It wants the abolition of the Government's right to register trade unions, and also wants to limit the Government's power to decide on the legality of strikes. This would greatly benefit the left by reducing the Government's control over non-PRI trade unions.

Such control can be judged from the fact that out of 6,300 calls for strikes in the first 10 months of 1981, only 126 strikes actually took place.



Miguel de la Madrid: Union chief is unhappy with his nomination as President

and the PSUM's presidential - candidate has used the reforms issue to demonstrate what he calls the PRI's "contradictions," which he claims will cause a 'very profound crisis" within it. university and airport unions. although they have also made inroads into the mining, tele-phone and electricity sectors. They are hoping that the con-flict of interests in the PRI will become sharp enough for them to siphon off the labour and peasant votes. Whether this



Left-wing parties only control lia's sales were estimated at 75m tonnes. CVRD, maintained its dominant position in Brazilian and world terms, accounting for two-thirds of the country's iron

Semperit seeks Irish Government assistance BY PAUL LENDYAI IN YIENNA

BRAZIL TOOK over from Australia last year as the world's leading exporter of iron

According to Companhia Vale do Rio Doce, the state iron ore company, in 1981 Brazil exported 81.9m tonnes of ore and pellets worth \$1.72bn. Austra-

> hinted, only if the Irish Government were willing to grant to Semperit the same kind of import concessions made last year to Dunlop and Talbot.

SEMPERIT, the Austrian tyre import licences for fully-built-and rubber concern, has decided up vehicles made by Talbot to ask the Irish Government for were granted by the Irish

Semperit has now reached a time working affecting the pro- cars, the Italian company would,

group, which has a production staff of 10,700 in Austria and throughout the world. The Board of Semperit would not release any figures about the losses incurred in Ireland.

Scottish & Newcastle in vodka deal with Greenall

GREENALL WHITLEY, the year-almost all of them in the Newcastle's decision, which UK's largest regional brewer, UK.

Newcastle's decision, which ends 17 years of trading has set up a joint company with Scottish & Newcastle to promote Greenall's Vladivar vodka.

The non-trading company will be 75 per cent owned by off licence stores and 42 Greenall, which last week Thistie Hotels. bought the former Laker company, Arrowsmith Holidays, for £4m, and 25 per cent by Scottish & Newcastle.

The agreement, which will take effect from July, heralds closer links between the compames. Greenall has been involved in talks with several major brewers in an effort to replace its deal with Bass, which ended in October, 1980. Greenall that time lost potention sales outlets from Bass, which handled 150,000 cases of vodka The Scottish & Newcastle deal is expected to inabout 130,000 cases a

year.
Viadivar vodka is the second most popular brand in the buoyant vodka market. Its market share is between 15 per cent and 20 per cent. Greenall put Vladivar sales at between

Vladivar will be sold as the in-house brand in Scottish & Newcastle's 1,000 tied public houses, the 220 Gough Brothers

More important for Greenall. Vladivar will benefit from Scottish & Newcastle's marketing operations in the free trade, which accounts for 80 per cent of the Edinburgh-based brewery's sales. Scotland is the strongest market in the UK for vodka, particularly in public

Scottish & Newcastle previously bought its Cossack vodka from the Distillers Company, but was unhappy with Cossack's relative lack of success outside Scotland. Scottish & Newcastle hopes its Mackinlay whisky will become the in-house brand for Greenali's 1,800 public houses.

Scottish and Newcastle will bottle Vladivar at its plant in Leith and will spend substantially more on promotion than it has done on Cossack. The put Vladivar sales at between Distillers Company said it was between 400,0000 and 500,000 cases a disappointed by Scottish and year.

between the two companies.

Meanwhile, John Dewar and Sons, DCL subsidiary, yester-day announced a marketing ment with Hedges and Butler, the wines and spirits

The deal should give Dewar access to the Bass marketing operations in the free trade and the 8,000 tied public houses. DCL has been keen to increase its share of the home market for whisky for some time. DCL's share is about 20 per cent.

The deal will take effect from April 1 and give Hedges and Buder sole distribution rights for Dewar's Scottch in the UK. Dewar's School in the U.S. and exports about 95 per cent of

The move is designed to push the company's home trade, which has been relatively weak since the DCL dispute with the European Commission over pricing in 1979. Dewar's sells between 3m and 4m cases a

Timber company rides high with recycled race track

SMALL COMPANY in the Gloucestershire village of South Cerney has carved a £2.4m annual turnover out of wood esidues that no one wanted.

The company Dormit Timber Industry, has Mr Tim Gilder and Mr Rod Whatton as joint grew up together in the Northamptonshire village of Hartwell, Mr Whation on a sawmill, and Mr Gilder on the farm next-

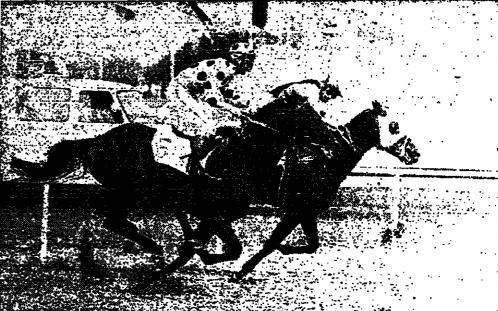
When they were 26 they gave up working for their parents to go round the sawmills of Southern England with a 15-ton mobile wood chipping machine paper mile wood waste that had previously been burnt.

Now, ten years later, they are working on a range of re-cycled products including fuel pellets—and wood-based cat

But Dormit's best known product is a wood fibre all-weather riding surface made from sawdeveloped by the pair.

The Queens of Britain and Holland own Dormit riding arenas as does the Spanish Rid-ing School in Vienna. Sixty training gallops and 500 riding arenas in Britain have the arenas in Britain have the Dormit wood fibre was first surface, and two years ago the used as bedding for horses and the world using it was was opened at Schaesberg, southern Holland.

The Royal Hong Kong Jockey Club is putting in a second training track using the surface, different sizes and textures. "Our tracks have a high "We have had hurdling trials the present and Mr Gilder is confident it until with the help of a resistance to frost. Mixed with and I am absolutely convinced five years.



Racing on Dormit's wood fibre all-weather racetrack at Schaesberg, in Holland

Mr Gilder will go to Australia later this month to supervise the laying of a training says, the weather has never track at Epsom, Melbourne for stopped racing there have been the Victoria Racing Club.

gallop surface. Wood chips were tried and then the fibre. Dormit experimented with

will also build a racing track patented hard core base, it with it.

produced a surface it says is firm, yielding and hard wearing. At Schaesberg, Mr Gilder says, the weather has never no accidents, and maintenance is cheap because there are no

divots to replace. Controversy has been growing of the Queen's racing trainers, in British racing circles over was looking for an all-weather the days lost because of bad Britain does not have an all-weather racing track.

chemicals a training track at

Newmarket was in use the day after a frost of minus 27 degrees Centigrade," Mr Gilder said. Dormit says a 1.000-incire long, 25-metre wide track would cost about £750,000.

But the Jockey Club says its inspectors have not yet found an all-weather surface suitable for jumping—the form of racing held when the weather is most likely to be disruptive.

Mr Gilder, however, says:

that our surface is suitable for steeplechasing."
When the track's top layer

wears out Dormii statis recycling again. The used fibreby now extremely rich in nitrogen-is bagged and sold to landscape gardeners. Dormit also sells chemically treated sawdust to Castrol for mooning up oil spills.

The pair have set up a company, British Fibre Fuel. to develop their fuel pellet idea. Wood fibre is to be used as the currier for anthracite instead of

Samples, they say, have the calorific equivalent of domestic coal but could be sold 15 to 20 per cent cheaper. Talks are being held with independent coal mine owners in Wales and plant in South Wales is planned.
Mr Gilder and Mr Whatton

say Dormit imports nothing. Last year it exported 3,000 tonnes of pulp wood to Scandinavian paper mills-worth more

The company, which employ people, also says it is the UK's biggest producer of palic;

Mr Gilder says Doring, unlike many other sawnills, has the equipment to hundle small domestically-produced loss. The sawmill side has been expanded and Dornut produce, 60 per cent of the waste wood it needs for its products.

Dormit has nearly doubled its turnover in each of the past the present £2.4m to £25m in

Poll shows support for 20% rise

in rates By Robin Pauley
NEARLY two-thirds of people questioned in Islington, one of Britain's highest-rated council areas, think rates should be raised at least 20 per cent in

This result comes in a Market and Opinion Research Inter-national survey for the Social Democrat-controlled council of the inner London borough.

It shows that the majority of those questioned would support higher rate rises than the council is likely to levy. A rise of between 15 per cent and 20 per cent is expected.

The survey also showed that 41 per cent are dissatisfied with the way the council is running

the borough. Another 20 per cent are indifferent.

The clear implication is that Islington's ratepayers expect and approve of a big rates increase but do not think their money is being properly used. There is also a strong feeling that the council is overmanned. Two-thirds said it should shed

employees, and 45 per cent people as part of the reduction. Only a quarter of those dis satisfied with the council thought rates were too high. Other criticisms, in order of importance, were dirty streets, poor response to maintenance requests, bad housing conditions, inadequate public services and

money wasted.

If cuts had to be made there was overwhelming support for reductions in spending on recreation and parks, followed by housing. Social services and employment were the crucial areas, with virtually no support from any sector of the community for cuts in employment

About half of Islington's residents think council rents should be raised by less than the £2.50 recommended by the Government. Only 11 per cent of council tenants thought rents were too high.

About 41 per cent of owner

occupiers favoured a rent rise of less than £2.50, even though this would increase rates. Islington levied a rate of 143.7p in the pound in 1981-82, producing an average domestic rates bill of £424, against £348

in 1980-81. The survey showed 68 per cent of the sample were dis-satisfied with the way the Government was running the

Warning over level of council grants

LOCAL COUNCILS planning their 1982-83 rate levels will have to take a substantial amount from ratepayers to put into balances because of the continuing uncertainty about their government grant for next

This is the view of Prof John Stewart, director of the Institute of Local Government at Birmingham University, and Mr Gerald Kaufman, Opposition environment spokesman

The confusion arises over the Local Government Finance (No 2) Bill which is passing through Parliament. The Bill bans supplementary rates.

Under pressure from local councils and Opposition and backbench Conservative MPs, the Government abandoned its plan to have the right to intervene and penalise councils by extra withdrawal of grant after the start of the financial year. This would have been so even though the council would no longer have recourse to the

Mr Michael Heseltine, Enom King Local Minister, promised the Commons committee considering the Bill that this power to take an extra opportunity to penalise individual authorities would be

Mr Kaufman told the Labour Party Local Government Conference at Sheffield: "The Secretary of State is conning Parliament and MPs of all parties who took him at his against individual councils the Government appears to be able to act against groups of counaspect of local government

finance

This is the result of council budgets entitling them to more grant in total than the cash-limited amount available. The overclaim" is scaled down in percentage terms and then turned into rate poundage terms-so the councils with higher rateable resources lose more than their poorer counterparts. The new aspect is that this could be operated so a group of councils such as the metropolitan counties - paid overclaim.

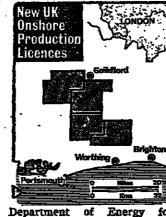
. Prof Stewart said the effect on a council losing a major portion of its grant through this vironment Secretary, and Mr mechanism would be the same the Government has withdrawn. "The council can suffer extreme loss of grant after the budget has been set without the oppor-tunity to raise a supplementary rate."

Four onshore production licences for Conoco

FOUR ONSHORE oil produc-tion licences were awarded to the U.S.-based Conoco yester-day by Mr Nigel Lawson, the Energy Secretary. All four are in the Home Counties.

The four blocks, which range from 196 to 248.5 square kilometres, are in Hampshire, Surrey and West Sussex. Surrey Conoco already holds exploration licences for the areas and has undertaken seismic survey work on them.
Onshore production licences

give companies the right to start exploration drilling. start exploration Exploration licences only seismic studies. Com-panies which obtain production icences still need the permission of local landowners and of planning authorities before they can start drilling. If they make a commercial discountry. Only 16 per cent were covery they have to submit duction from onshore UK wells satisfied.



approval. duction licences in force in the UK. Last year overall oil pro-

Bulk carrier order would not save Harland and Wolff jobs

BY OUR BELFAST CORRESPONDENT

THE CHAIRMAN of the stateowned Harland and Wolff shipyard in Belfast may indicate whether a vital bulk-carrier order from British Steel is imminent today, at an armual apprentice prize-giving ceremony. But even that good news will not be enough to stave off up to 1,000 redundancies, which will cut the labour force to less than 6,000 by the end of the

Government has £175m into the company since it was taken into full public ownership in 1975. In the ten years or so before that another £85m of public funds had been

In 1980, when new work was looking increasingly difficult to find, the company managed, with Government help, to win orders for two 109,000 tonne oil tankers from BP. Work on the second of these will finish in the middle of next year. In the 1950s up to 25,000 Ulster people—most of them from the Protestant heartiands of East Belfast—found work

with Harland and Wolff. It was

said then that the whole of

Beifast depended on the ship dent, however, that he can yards' fortaines.

But it is only in-recent years that shipyard workers have thought about the possibility of closures. The message from the Conservative Government, that taxpayers will not foot the bill for ever, has brought a sense of realism. Constant discussions between management and union ta productivity.

The company lost £32m in the year to December 31 1980. Although this was some £11m better than the 1979 result, it was little consolation to Ministers at the Northern Ireland Office.

The Government told Harland and Wolff in June last year it would provide £46m and allow external borrowing of £10.9m in the year to March 31 1982.
Mr Adam Butler, the Minister of State responsible for industry in Northern Ireland, has recently been told that the company's losses may exceed forecasts made more than a

year ago. Dr Vivian Wadsworth, the appointed chairman, is confi-

mined by the Government for this year and next. To do so, he has to cut jobs, reduce costs and scour the world for orders. Mr Butler has told the unions he is supporting the

company to the tune of £8,000 per employee a year, which is more than the per capita subvention to British Shipbuilders —an implied warning that such levels of assistance cannot last The spectre of thousands of

shipyard workers joining dole queues may have been too much for previous administra-tions to contemplate. It would have added to Ulster's security problem by providing fodder for the Protestant paramilitary factions which operate in the Loyalist strongholds of East

Belfast. That danger may have con-siderably receded. In any event Mr James Prior, the Northern Ireland Secretary, and his colleagues are less likely to be swayed by the and his argument. Only shipbuilding orders can save shipyard jobs

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FT17/2

We change the way the world thinks.

Rise of 13% in workers paid by transfer

By William Hall. Banking Correspond

THE NUMBER of people whose wages are paid directly into a bank account increased 13 per cent to 6.1m last year. Britain's 12 high street banks

are confident they are having success in their campaign to encourage the 11m people still paid in cash to open a bank

The 12 banks set up a working party in January last year to promote the switch from weekly wage packets to payment through bank accounts. Britain lags behind most major industrialised countries in having a large part of its labour force

still paid in cash. The figures released yesterday by Mr John Cox. senior general manager of Midland Bank, and chairman of the working party, are the first indication of how fast the switch is happening. Last year the number of

people paid monthly through automated credit transfers rose 613,000, or 12 per cent, to 5.65m. The number of people opting for weekly bank credit transfers is growing rapidly, rising 25 per cent to 469,000 last year.

Mr Cox also revealed that the

number of current accounts held by the 12 high street banks increased 1.25m to 29.5m in 1981, a growth rate of 4.5 per

Budget plea

INDUSTRIALISTS FROM the North-West will meet some of the region's Conservative MPs to press for concessions for industry in the March Budget.

Members of the local regional council of the Confederation of British Industry will urge action on the National Insurance surcharge, interest rates and energy prices and greater public sector investment. They are also seeking a 15 per cent cut in local authority rates on

Guernsey probe

FIRST NATIONAL BANK OF CHICAGO confirmed yesterday that it is investigating possible irregularities in the documentation of some loans made by its subsidiary in Guernsey.

The bank said it knew of this

last year and "took appropriate action" which was reflected in its fourth-quarter earnings. The investigation is believed to centre on several million dollars' worth of loans secured on boats the horrower claimed to own. Guernsey police are

Manx credit

launch its own credit card on so filled by furniture that it is had been implemented. On the Isle of Man on March 1. It difficult for more than one man others, he reminded the inspecwill be valid only on the island. In move at a time," the report torate of shortage of resources, pital's governors in 1906. The

County Flamming Officer, Elevatand County Council Gurney House,

Gurney Street, Maddlesbrough, Eleveland TST 101

Ranger rig order by BNOC

BY SUE CAMERON

the Atlantic with the loss of it was known to have design 100 miles north-west of Bergen. S4 lives on Monday.

The £80m order was placed with Scott Lithgow Clydeside yard of British Shipbuilders in November. Work on it has not begun. It is due to be delivered in 1984.

BNOC plans to use it in the UK sector of the North Sea to the west of Shetland. The corporation is operator on a number of blocks there.

BNOC said yesterday that it was awaiting the findings of an investigation into Monday's

ible drilling rig of the same the yard and nor would it be Delta, is operating in the Nordesign as the one that sank in granted a safety certificate if wegian sector of the North Sea

> designed by Odeco of New tract to Norwegian Statoil. It Orleans, which owns the rights can drill in depths of up to to the design and has a joint 1,500 feet but also has no venture with Ben Line of Edin- positioning. burgh called Ben Odeco...

cent stake in the new rig. to that has been ordered by to Odeco in December. BNOC.

isaster.

The Ocean Ranger that sank be able to drill in depths of up had 12 anchors and could drill to 4,500 feet, but will have in depths of up to 3,000 ft. It dynamic positioning and a con-

THE BRITISH National Oll in later models.

Corporation said vesterday that it had ordered a semi-submers- would not be allowed to leave Ranger design rigs, the Dyvi

It is owned by Dyvi Drilling The rig which sank off New- of Norway, was delivered by its foundland was the first of the Finnish builders in June last Ocean Ranger designs. It was year, and is on a five-year con-

The third of the Ocean Ranger This company has a 50 per designs, Ocean Ranger Two, is being built by Sumitomo of he called the Ben Ocean Ranger, Japan. It is due for delivery

The rig ordered by BNOC will found that the accident was had no dynamic positioning ventional anchor system. It is caused by design faults, then equipment. a computerised expected to be the biggest of changes must clearly be made system enabling rigs to stay on its type so far.

Monday's disaster may have been caused by human error. If so neither BNOC nor the Sumitomo rigs will need design changes.

In bad weather crews may have to alter the ballast and anchor positions on a rig so that it rides lower in the water.

There was speculation last night that the lost crew of Ocean Ranger One were comparatively inexperienced.

John Moore writes: Ocean

Ranger had an insured value of \$86.5m. Of that amount \$16.5m of the insurance is placed in the London insurance company market and Lloyd's of London. A further \$60m of the value is insured with Oil Insurance, a mutual fund based in Bermuda. The first S1m of the claims

would be met by the insured. while the balance of the insurance has been arranged with other overseas companies.

Exchange rule on foreign shares attacked

BY CHRISTINE MOIR

THE STOCK EXCHANGE'S ambiguous relationship with foreign companies, whose shares are traded in the London market but not officially quoted in London, has been sharply attacked by a shareholder in Reynolds Diversified Corpora-

On Friday the Stock Extrading in Reynolds, a Nevada-hased energy concern, was not permitted under Rule

neither traded nor listed on any

market anywhere in the world plied with the Stock Exchange's which under Stock Exchange rules." rules, means that it cannot be traded in London. When the Stock Exchange

discovered this fact last week it stopped trading, thereby locking in more than 5,500 British shareholders.

The problem is that Reynolds' change posted a curi message shares have been traded by no fewer than three of the leading

He said it was "quite wrong for the Stock Exchange simply to abandon shareholders who had traded in good faith for by closing their so long"

In a letter to Sir Nicholas Nevada-hased energy concern, jobbers for seven years.

Yesterday Mr John Stott, a souify an image of 'whiter than Renolds' shareholder, accused white' I would suggest you put the Stock Exchange of failing the matter right as quickly as

Mr Stott also told Sir Nicholas that he would be seeking legal advice about holding the Stock Exchange "respon-sible for any losses" incurred as a result of the halting of the market.

The Stock Exchange Quotations Department yesterday was said to be studying Mr Stott's Goodison, chairman of the Stock letter and would not give any Exchange, Mr Stott said: "as official reaction. Privately, however, it said that "the exchange has no relationship with foreign companies not listed on its market and even less with

GLC officers 'approve' Prison 'squalor' attacked | in Home Office report

Cleveland County Council, Gurney House, Middlesbrough, Cleveland TS110T.

Cleveland County comprises the boroughs of Hartlepool, Language, Middlesbrough

and Stockton-on-Tees.

CONDITIONS IN overcrowded said. Gloucester Prison are "deplorable and degrading" for inmates prisoners had to use a chamber and staff. a Home Office report pot. "The quality of life for said yesterday.

The report into the prisonwith one modern wing devoted of being squalid." in segregated prisoners—was drawn up by Mr William Pearce. HM Inspector of Prisons, for Secretary.

Victorian A and B wings, accommodating local prisoners. The report made to recommendations. Including modernisation of the hospital,

groups of three have to eat

For much of the time prisoners in such circumstances becomes degraded to the point

The reception unit, where prisoners are checked and undergo their initial medical. Mr William Whitelaw, the Home was described as "quite the worst any member of the inspec-There were 112 cells in the tion team remembers seeing. the seven-strong investigation

60 cells furnished for three fire precautions, and improve-prisoners and 33 for two. fire precautions and improvements in the quality of employ-"In A and E wings, therefore, ment for prisoners, round of three have to eat. The Home Secretary said

everal of the recommendation:

St George's site plans

has been told by its officers that plans by the Duke of Westminster for the commercial redevelopment of the controversial St George's hospital site are However there remains a

strong possibility that the council's planning committee will today reject the officers' recommendation that the scheme by pal hospital buildings to the the Duke's Grosvenor Estate original design of William Wikins. These would be used

Last month the Government agreed to uphold a covenant permitting the Duke to buy back half the site—estimated to be worth more than £20m—for be worth more than £20m—for

allowed to buy the freehold for the same price paid by the hos-

THE Greater London Council deal was triggered at this stage because the site is no longer used for medical purposes. The plans call for:

• The demolition of later extensions to the hospital on the western part of the site and erection of a six-storey office building of 167,780 sq ft.

by an institutional occupier " for

The report by GLC officers Under the terms of the concludes: "The scheme offers he unique appo restoration of the outstanding Wilkins building . . . these very desirable restoration works together with the possible uses of the building for the benefit of the public are considered adequate planning advantage to set against the proposed office development."

had a normal day yesterday-

selling a wide variety of objects

at modest prices. Top price in the Sotheby's auction of English pottery and porcelain was £1,500, over double the esti-

mate, for an early Bow coffee

pot with the golfer and caddy pattern, while at Christie's

Japanese sale, inro was in most

demand, a 19th century four case example by Jokaszi selling to Eskenazi for £5.184. In the

furniture sale at Phillips a 16th

century German carved oak

side cupboard reached £5,000 and a pair of Kirman rugs

Government presses for new phone standards

By Jason Crisp

THE DEPARTMENT of Inspeed up the setting of standards for telecommunications equipment which can be connected to the public network under the new liberalised

The standards are being drawn up by the British
Standards Institute with
British Telecom and the
British Electro-Technical Approvals Board, which will test the equipment. Several other organisations are represented on the standard setting committees.

There has been growing concern at the slow progress in preparing the standards. The Department has appointed several independent special agents to sort out any bottle-necks. One of the reasons for slow progress is that the standards are being written by hig and unwieldy com-mittees.

Mr Kenneth Baker, Indutry Minister, is believed to have been urging the rapid production of standards. Although the British Telecommunications Act was passed ast summer there has been little evidence of change.

British Telecom is testing telephones from six companies for technical approval as part of an intermediate measure from the Department to speed up the sale of

The department will ensure there is much wider comment on the draft standards, which are expected soon. It has written to 1,500 telecommunications companies encouraging them to apply and comment on them. The time for public comment has been cut to one month.

One of the possible functions of the proposed regulatory body to he set up under a new telecommunica-tions Bill would be to take over responsibility for standards. But it is helieved the BSI would still have a role in standard setting.

The draft standards cover the safety of apparatus, to stop high voltages getting into the telephone network, and general requirements to prevent interference.

Specifications will soon be published for a standard plug to connect equipment to the network, extension telephones, teleprinters for use on the telex network and transmitted from computers on telephone lines.

The draft standard for. telex is only for simple teleprinters. The BSI warns that the "core standard" for the telex network is unlikely to meet the Government's target of October.

Perhaps the most interesting item sold at Sotheby's was a

SALEROOM

BY ANTONY THORNCROFT

large stuffed tarpon, caught in 1902. The label says it was

hauled in by Hemingway: he

was three at the time. The fish went for £190, below forecast

An 1877 crank handled fishing

reel more than doubled its forecast at £520.

Recession blamed for 20% jump in Welsh water rates

BY ROBIN REEVES, WELSH CORRESPONDENT

THE Welsh Water Authority our duty and that duty must be has approved an increase in its carried out." water charges of nearly 20 per cent for the next financial year. This has triggered condemnation from industry and gives added impetus to a planned Welsh Nationalist campaign of non-payment of water rates.

Mr Haydn Rees, the Water Authority chairman, blamed the recession for what he con-ceded was a "painful" increase. He said industrial closures and short-time working had meant a loss of £6m income over the past year. He also blumed con-tinued inflation, restricted borrowing, the loss of £3m a year in equalisation payments. and the additional energy and waste water costs incurred during the blizzards and thaws

of December and January. The WWA calculates that the average household water bill in the coming year will go up by about £12 to £79, a rise f 18.3 per cent. Mr Rees said: The bill, when it arrives, may be painful but, even in times of recession and inflation, maintaining an acceptable level of

The increase was condemned by Mr Ian Kelsall, director of the Wales CBL. He described the planned rise as horrifying, a heavy blow for industry, and one which would hit Welsh efforts to attract industry. Mr Dafydd Williams, Plaid Cymru's general secretary, said the rise was scandalous and would reinforce the party's campaign of non-payment of water rates. The campaign would continue until Wales received a fair price for the water it exported to

England. This campaign is due to be launched on March 1 and particular emphasis will be given to the fact that the Severn Trent Water Authority, which draws much of its water from Wales, is increasing its charges

by only 7 per cent.
Th Welsh Water Authority is still waiting to hear the outcome of the Government's arbitration on its claims against Severn Trent for a £3m extra payment on water supplied from the Elan Valley reservoir comservice to the public remains. Trent rejected the claim.

Transport chiefs call for 75% increase in fares

BY NICK GARNETT, NORTHERN CORRESPONDENT

SOUTH YORKSHIRE'S sevenesterday as a result of the Law

region's Passenger Transport Executive has told have to rise substantially in

that although the county council in effect fixes fares by its subsidy levels, the PTE would refuse to accept a level of subsidy it believed to be out-

have to rise again this year.

It believes that to act in a year-old cheap fares policy "business-like," profit-loss appeared to be crumbling manner-which is a requirement of passenger authorities Lords' judgment on Greater in one interpretation of the London Council's Fares Fair Law Lords' decision—fares scheme. would have to rise by 700 per cent in five years.

The council's chief executive the ruling Labour group on the and treasurer have told coun-council that in its view fares cillors that they would not be prepared, in effect, to process stages—starting with a 75 per a budget they considered to be cent increase in April—to bring the policy within the law.

This follows legal advice taken by the PTE. The council Leading Labour group council as also had similar advice cillers decided vectorion to

has also had similar advice cillors decided yesterday to from Sir Frank Layfield, QC. defer any decision on fares rom Sir Frank Layfield, QC. defer any decision on fares The PTE has also indicated policy until March 2. The council must fix its rate precept

on March 4.

Mr Roy Thwaites, the council's leader, said he could not believe the GLC decision affected South Yorkshire's The Passenger Executive said policy. He conceded however, that even with a 75 per cent that there may be no alternatincrease fares would probably tive but to sanction next month's fares increase.

No-frills Metro enters budget-priced car market BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

the next few weeks.

BL will today launch the Metro City, a no-frills version of the Metro. The Samba, a Talbot hatchback costing less than £3,000, will be introduced in Britain on February 25. BL makes no secret of the fact that it has aimed its new model at Ford's Fiesta Popular.

the leader in this section of the market The Metro City has a list price of £3.249, £5 less than the Popular. It is £200 cheaper than the cheapest Metro previously

BL has cut the cost by taking out items such as the radio and the rear wash-wiper, and by using cheaper seat fabric. BL believes it can sell 18,000 Metro Citys this year for a 1 per cent market share. It suggests this will be additional to the 7 to 8 per cent share which the

Metro has taken. But the new version is bound to hit sales of the Mini, which

COMPETITION among budget- costs £2,889 in its basic form. priced cars will intensify in _ After Ford introduced the Popular at the beginning of last year it achieved the expected boost in sales. About 18,800 Populars were registered, equivalent to about 20 per cent of Fiesta sales of 110,753. Like the Metro City, the Popular is a despecified version.

Talbot UK dealers will be told today that the basic version of the Samba will sell for less than £3,000.

The Samba has an official UK fuel economy figure of 61.4 mpg at a constant 56 mph. It is very similar to the Peugent 104 from which it was derived—Talbot is part of the French Peugeot-Citroen group.

Talbot estimates it can import and sell about 2,000 Sambas a month to take about 2 per cent of the market. The Samba re-places the Sunbeam, which ceased production when the Linwood plant in Scotland was closed last summer and which had annual sales of nearly

Judges call for ACC documents

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

able.

was resumed of Heron's appeal had a conflict of interest.

Bow coffee pot fetches

THE LONDON SALEROOMS £10,500. Eastern carpets were

a strong market.

£1,500 at Sotheby's

THE LEGAL dispute provoked against a High Court judge's by the hitter takeover battle refusal to grant it temporary for Associated Communications orders preventing the ACC Corporation took a new tith directors transferring their yesterday when the Court of shares to Mr Holmes a Court. Appeal insisted on seeing the The hearing was adjourned documents detailing the two until this morning to enable undisclosed offers made by Mr ACC, its directors and their Robert Holmes a Court's Bell lawyers to consider the position.

The three judges said that it Lord Justice Brightman said would be wrong for ACC to be that, from a practical, commercial a price less than cial point of view, it would be a few ACC to be said for it was known to be worth.

They commented on the absence of evidence that the ACC directors had committed themselves to sell their shares to Mr Holmes à Court, and indicated that, in the absence of such evidence, the court directors were not legally bound

They called for an explana-tion of the ACC directors' failure to react to a higher bid made by the Heron Group until 45 minutes before the midnight deadline imposed by Mr Holmes a Court for acceptance of his

They suggested that counsel should consider whether there was a conflict of interest between ACC and its directors, requiring the company to be separately represented in the court proceedings. whether there was a case for The judges forceful inter-saving that the directors were vention came when the bearing in breach of duty because they

the ACC directors, said that their difficulty was that they had committed themselves to sell their shares to Mr Holmes a Court and could not unilaterally get out of that contract. Lord Justice Templeman said it was simply a question whether there was a case for

Mr Richard Sykes, OC, for

acceptable to Heron.

If they and Mr Holmes a Court insisted on the matter being aired in court, he would want more details of the two Bell offers.

Mr Sykes said that the original offer document had not original offer document had not had if they were not bound,

the public domain."

been released. It was not "in

In that case, said Lord Justice Templeman, the ACC directors were putting forward " a pig in wrong for ACC to be sold for less than it was known to be were accurate, it appeared that worth. If there was to be a takeover, it should be at the Lord Grade was guaranteed £203,000 for the next four years. best price reasonably obtain-

and was to be able to buy a house on very favourable terms. He suggested that, once a riobal price had been negotiated, an approach could be made Those were very cogent matters on the question the directors wanted to fight on. to the Companies' Court for a "Here is a gentleman who tied the directors up on scheme to work out the division between voting and non-voting.

Mr S. A. Stamler, QC. for Heron, said that that would be papers publishing leaks about it, and you say it has not been released to anybody?" said Lord Justice Templeman. Lord Justice Brightman asked

what documents there were showing that the directors had legally committed themselves to Mr Holmes à Court. Mr Sykes said there was an

irrevocable letter of under-taking, which was not in evi-dence before the court.

clude that the directors were not bound. "The most you can say is that they believe, on the material before the court, that

"as soon as they realised that somebody was offering 65p for shares worth 85p, every decent director would say. 'I'm not going to have that.'"

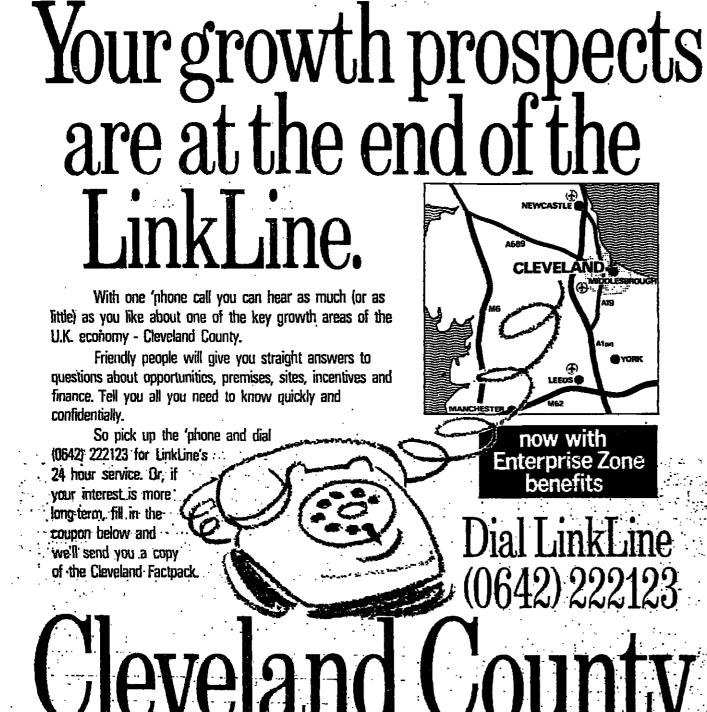
If they were not bound they If recent newspaper reports ought not to accept the Bell offer or do anything to forward

> Lord Justice Lawton said that it was directors' duty when there was a takeover bid to ensure that the Ordinary shareholders got the best possible

On January 11, the ACC directors had learnt that Heron. January 13 with an offer, and a very substantial and financially here we are with the news sound group, was offering £42m for shares for which Mr Holmes a Court had offered only £36m. Yes, for some unexplained

reason, they did not do anything about the Heron approach until 45 minutes before the dead-line of midnight on January 13 imposed by Mr Holmes a Court for acceptance of his offer. The judge said that, although

he had not yet heard what Mr Sykes had to say about that, "My experience of the law over In that case, said Lord Justice many years is that what has Brightman, the court might happened so far calls for an have to disregard it and con-explanation."



UK NEWS=LABOUR

BL threatens to shut truck plant

BY JOHN LLOYD, LABOUR EDITOR

SIR MICHAEL EDWARDES, ployees chairman of BL has written to Andrews, the group's chairman. All Terry Duffy, president of the Amalgamated Union of Engineering Workers, telling him that Leyland Vehicles Bathgate plant will close if the the workers should strike continues.

strike continues.

The union has sent the letter to all its officials, lay and full-time, and to officials of other unions involved in the three-

a weekly strike benefit. However, the union's execu-tive, which discussed the letter yesterday has decided to continue to support the strike with a weekly srtike benefit.

BL has demanded cuts of production.

1.365 out of the Bathgate workforce of 3,600. It has already his letter to employees that the announced an end to tractor production at the plant, but has and that the union plan would said that investment in it will involve "a staggering cash continue if the strike is scutled. requirement of £600m over the

The seriousness of the crisis at the company was further underscored by a letter to all of losses in the foreseeable 12.000 Leyland Vehicles em- future.

from Mr

attend the mass meetings to be held later this week and "have the courage" to vote for a return to work. Meetings will be held at Leyland and Chorley tomorrow and at Bathgate on Friday. The unions have made no recommendation to the work-

Talks between union officials weekly stike benefit. and the company on Monday Mr Duffy said: "This dispute ended without agreement on is not about money, but jobs, the cause of the dispute—the We have a policy that where demand by BL for 4.100 redunour members are seeking the dancies. The company rejected retention of their jobs we sup- a union plan for increased investment in truck and bus

> way industry." Sir Michael Edwardes said in company was losing £2m a week

Philip Bassett looks at the McCarthy inquiry's proposals for ending a 'damaging' conflict

British Rail criticised on handling of dispute

Tight schedule for talks

LORD McCARTHY and the members of the independent inquiry into the British Rail pay and productivity dispute yesterday put forward pro-posals which they feel "offer the best prospect of tracing a way out of the present differences between the parties in

However, the inquiry also warned that "the consequences of rejecting what we propose appears to us to be extremely grave and potentially disas-

The dispute between BR and the Associated Society of Locomotive Engineers and Firemen had "escalated into a prolonged and damaging industrial conflict which we cannot believe that any of the parties either envisaged or desired. Our own view is that this was and is a disaster for the rail-

The inquiry's brief included the need to find a quick and effective basis for a return to normal working. But because its members-Lord McCarthy. Mr Ted Choppen, a former Esso manager, and Mr George Doughty, a former draughtsman's union zeneral secretary— also comprise the Railway Staffs National Tribunal the industry's own arbitration body. the inquiry makes clear its two agreements are obviously "need to safeguard the continued acceptability of the have been signed without each established machinery."

"careful to do nothing to underthe eyes of all its signatories."

Even so, the overall tone of the report is critical of the Board's position in the dispute. which it says arose out of the Board's actions after the publication of an arbitration award

11 per cent pay deal. In reaching its conclusions, the inquiry looked at four areas. First was the relation-ship between the August 1981 pay and productivity understandings reached under the auspices of the Advisory, Conciliation and Arbitration Ser-

The Board has insisted that these are linked, but Aslef has denied this.

The inquiry said that there was nothing in these two agree-ments which made the payment of the 3 per cent second stage of the arbitration award conditional on BR's view that satisfactory progress had beer achieved on any or all six points of improvement in the produc-tivity understanding. "In effect the board was not

provided with a veto which they alone need interpret." However, the report undercuts this, by stating that "the

into the railway dispute pro-poses a tight schedule for the issue to be put back into the negotiating machinery:

Within seven days of the inquiry report the Railway Staffs Joint Council (Loco last year proposing a two-stage Section) should meet, with BR giving its proposals for implementing a variation on

The committee of inquiry

It notes that "nothing has been placed before us to suggest that the society has formally reneged on the understandings reached with the assistance of Acas," though it had suggested

that their implementation would

give rise to difficulty. The inquiry is careful not to undermine the position of the other two rail unions, which have agreed to the central productivity question of flexible

Secondly, the inquiry examines whether a disputed part of the Acas productivity understanding involves a shift away from the guaranteed eight-hour working day, which Aslef has held as sacrosanct since 1919. The board believes it does; while Aslef feels that any the complex question: flexibility required can be in- absence of Aslef," which corporated within present to attend the inquiry.

there should be a meeting of the next level of the machinery, the Railway Staffs National Council. ● By March 15, 16 or 19, there should be an arbitra-tion hearing at the Railway Staffs National Tribunal.

Within two days of both joint council's failure to agree,

the eight-hour day.

day.
While "fully understanding" BR's viewpoint, the panel found that within the context of its own commitment to improve productivity and contain costs, the Aslef must be given an opportunity to make their case for an alternative solu-

tion." at arbitration.

While acknowledging that
Aslef, according to documentary evidence submitted, has "not wished to present its position as unremittingly nega-tive and obstructive," the inquiry ducks the issue of the meaning of the section of the understanding.

It felt it was "unreasonable and counter-productive to expect to provide a definitive answer to the complex questions in the absence of Aslef," which refused

refusal to pay the 3 per cent, and says the "best case" that can be put forward for the board is that it thought Aslef was in breach of the productivity understanding. But the inquiry takes the board's admission that the pay understanding was "not conditional in the narrow tech-

nical sense of productivity being achieved." Finally, the inquiry looks as to whether the established machinery of negotiation had been fully used by the time the board decided to withold the 3 per cent.

rosters based on the eight-hour Stating clearly that it cannot agree that there were no unused avenues of procedure, the report says there could have been failures to agree at two levels in the machinery, and the whole case could have been put to arbitration by the Railway Staffs' National Tribunal.

Its award would not have been binding, but with its wide respect in the industry, it "might well have offered the best way out of the current

It then puts forward "concrete proposals" for using the industry's negotiating machinery to try to bring an end to "an industrial dispute which is causing great harm to the railpublic."

The crux of the proposals lie

ment to the understanding of August 1981, and a return to the established machinery a form that will ensure a rapid. decisive settlement of the issues

in dispute. Aslef should call off its indus-trial action and the BR Board agree to pay its members the

3 per cent.
It proposes a right schedule for the issue to be put back into the negotiating machinery (see accompanying panel).

Crucially, though, the inquiry recommends terms of reference for the dispute to go before the national tribunal. These specifically state that the basis specifically state that the basis for the tribunal's examination of the issue should be "the implementation of sub-para-graph 2(c) of the 1981 produc-tivity understanding to footplate staff and to award"— in other words, the key issue of variation on the eight-hour day should be the subject to which the tribunal arbitration will

direct itself. Finally, the inquiry proposes that the chairman of Ac-s should express his readiness to bring the parties together as soon as possible to assist in implementing the inquiry's

Committee of Inquiry, Report and Recommendation on a Dispute Between BR Board and Aslef: Acas Cleland House.

Heathrow ramp staff to step up action

BY BRIAN GROOM, LABOUR STAFF

BRITISH AIRWAYS ramp formula worked out between workers at Heathrow Airport's management and TGWU Terminal One and Terminal officials on Friday night, under Two voted yesterday to step up which they would return to picketing in their week-old dis-work under the new schedules pute over new work chedules, while holding discussions to However, they received an modify them.

doing ramp workers' jobs. ramp workers—BA management said. put attendance at 500—voted at their mass meeting to begin a return to work under the old picketing Terminal Three from schedules while the new work-5 am this morning in a bid to disrupt inter-continental flights.

Apart from some disruption to catering on long-haul flights on Friday and Saturday, picketing has been confined to BA flights from terminals one and two, which handle European

and domestic services.

BA has been maintaining about 80 per cent of these by using pilots and other staff who volunteered to load baggage

while off-duty Mr Ron Todd, national organiser of the Transport and which ramp workers belong had action to "controlled picketing" while attempts were made to find a solution to the dispute.

immediate rebuff from engineering and maintenance workers, who voted in the afternoon to reject a call to "black" were completely unacceptable. "We are prepared to discuss the property of the stewards, told yesterday's meeting that the new schedules were completely unacceptable. work changes and new rosters, A proportion of the 2,000 but under our own terms," he

> Ramp workers have proposed ing practices are discussed. BA has rejected this.

Disruption of European flights The workers were asked of other airlines is also possible, yesterday to step up their action from 5 am on Friday. but such was the strength of feeling that it was brought forward to today.

"This now means that we can extend picketing to any part of the airport." Mr le Cornu said. BA yesterday maintained 87 per cent of its European and domestic services, in spite of the pickets, and is planning to achieve 89 per cent today, with

only 24 cancellations. The airline wants to roster General Workers' Union, to workers for 40 hours instead of the present 381, increase rostered overtime, and ask them to work more flexibly.

Ramp workers claim they But the ramp workers have been locked out for yesterday confirmed their shop refusing to work the new stewards' rejection of a peace schedules.

rimsh Caledonian and Eastern Airlines under one wing.

BR pay-offs plan cleared in equality hearing BY BRIAN GROOM, LABOUR STAFF

A CLAIN that a British Rail voluntary redundancy scheme was discriminatory because men and women were treated differently has been rejected the European Court of Justice.

Mr Arthur Burton, Doncaster, alleged that he was unfairly treated in 1979 when. at the age of 58, he was refused voluntary redundancy by BR, while a 55-year-old colleague female

Candidates became eligible for the scheme five years before normal retirement age. Women therefore qualified at 55 and men at 60. The case was referred to the European Court

bunal. Mr Burton was backed by the Equal Opportunities Commission. The court said individual

states were free under the EEC directive on social security to determine pension ages.
It ruled that employers

Employment Appeals Tri-

must give employees equal access to voluntary redundancy schemes, access to voluntary redundancy linked to the pension age was not necessarily discriminatory. The Equal Opportunities

Commission yesterday said that Mr Burton's case showed the need for government action to equalise the pension

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Two arrests as picket line is broken at closed plant FINANCIAL TIMES REPORTER

TROUBLE FLARED outside the closed Laurence. Scott and Electromotors factory in Manchester yesterday when the back owners moved in to take Mr machinery from the besiesed

Two people were arrested as stones and bottles were thrown at lorries after a barrier across the main gates was pulled

More than 100 policemen had ringed the electromotors factory in Openshaw, which in April with the loss

of 650 jobs. In November the owners. Mining Supplies, staged a raid with a helicopter to remove

There were about 70 or 80 pickets yesterday when the lorries arrived. Missiles were thrown and a window broken on one of the lorries, driven by non-union workers employed

by a South Yorkshire company.
Mr Steve Longsnaw, deputy convenor, claimed the company was there to take away fin the Plessey Electronics factory worth of machinery for Polaris at Bathgale, near Edinburgh. submarines which the plant ended in deadlock last night, manufactured before the Plessey has refused to with closure. He said picketing would

Workers are demanding that 230 people who have opposed the closure be given their jobs

Mr Charles Morris, Labour MP for Manchester Openshaw, said he would seek a statement in the Commons from Mr William Whitelaw, Home Sccretary.

Mr Arthur Snipe, chairman of Mining Supplies said at his firm's headquarters in Doncaster: "Ten waggons went into the factory to bring out personnel records and the remainder of the stock, which

is worth about £1m.
"This stock has remained untouched since last April, when the company closed and we can-not afford to leave it there."

Mr Snipe dismissed as "rubbish" that some of the stock was for Polaris sub-marines. He said some would be used in Ministry of Defence contracts, however.

Talks aimed at ending a three-week sit-in by workers at

Plessey has refused to withdraw dismissal notices given to about 200 employees last week.





Mavericks

may force

guillotine on

Canada Bill

By Margaret van Tattem and W. L. Luetkens

MOST OF THE initial hostility

at Westminster over moves to

give Canada sovereignty over its own constitution, including a newly drafted Bill of Rights.

appears to have been defused.

Democratic parties are all expected to support the Government on the Canada Bill, which will have its Second Reading in the Com-

mons today. The Government's main con-

cern is to steer the Bill through parliament with as little loss of Government time

as possible. It appears distinctly uneasy, though. The signs are that the remaining

handful of mavericks on both sides of the House may seek to prolong debate during the Bill's Committee Stage, pos-

sibly forcing it to impose a

s with any major constitu-tional Bill, the Committee

Stage will be taken on the floor of the House. Most MPs,

including most of the former

dissidents, appear to have accepted that the Canadian federal government has made

considerable efforts to meet

objections to the move from

within Canada, and that any

remaining problems are a

Labour, moreover, appears to have decided to forgo the

opportunity to disrupt the opportunity to disrupt the Government's programme by prolonging debate. Such efforts, it is felt, might be misinterpreted in Canada as imperialist interference.

fowever, there remains a num-ber of Labour, Tory and Scot-tish Nationalist MPs, esti-mated at up to 20, who are

expected to wish to speak at length in support of the pro-vince of Quebec and of the various groups representing the indian community, which

Braine, Mr Bruce George and

Mr Donald Stewart, Mr Enoch

Powell has also indicated strong opposition to the Bill.

His command of procedural tactics and his unpredict-ability is causing Govern-

ment whips some anxiety.

The Government hopes that the

Committee Stage will take up

no more than a week. But, given that the Bill's passage

through the House of Lords

may take considerably longer,

it is not optimistic of getting

à Thàrd Reading until March

15, when the Oueber Court

of Appeal is expected to rule

on the provincial govern-

ment's case against the Bill.

that Westminster must pass the Bill, now that the proposals it contains have the

The official Canadian view is

is resisting the move.

domestic Canadian

suillotine.

The Labour, Liberal and Social

Refund likely for penalised London boroughs Prior warns Ulster

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

SOME OF the six London Heseltine could proceed as he from the original estimate of hands. In the private_sector employers could not be insuboroughs which suffered a thought fit. penalty of £200m for overspending, are likely to be refunded by the Government.

This was announced in the Commons last night by Mr Michael Heseltine, Environment Secretary, when MPs debated the rate support grant order for the coming year.

Mr Heseltine also told the House that the Metropolitan Police had cut their spending plans for the coming year. This means that more money will be available for provincial forces.

The London boroughs which had their grant cut by Mr Heseltine last year were Camden, Hackney, Hounslow, Tower Hamlets, Waltham Forest, and They later took legal action

and the divisional court quashed Mr Heseltine's decision o the grounds that he had not sufficient consultations

THE GOVERNMENT is con-

sidering new restrictions on

entitlement to unemployment

benefit when jobs offering "reasonable pay" were refused

the Prime Minister revealed in

She was replying to questions

about a recent leaflet issued by the Department of Health and Social Security which explained

the circumstances in which

failure to take up an offer of

employment does not involve a

Mr Michael Ancram (C.

Edinburgh South) suggested that the definition of "suitable

jobs" for people on the unem-

ployment register needed to be

of the tragic unemployment

in the leaflet is still relevant?

figures the definition provided

"Do you believe that it makes

the provision of jobs more diffi-cult when we should be doing

everything to make more jobs

Mrs Thatcher said she had

seen the leaflet, and pointed out that the definition of a suitable

job seemed to have remained

She told MPs: "It seems to

me that the definition does pre-

clude people from taking jobs

nabie pay.

asked the Secretary of State for

that a person on the unemploy-

unchanged since 1946.

He asked the Prime Minister:

the Commons yesterday.

loss of benefit.

BY IVOR OWEN

Thatcher hints at new

curb on jobless benefits

He asked the Prime Minister: the figures covered a period in "Do you consider in the light which Britain had experienced

Yesterday Mr Heseltine explained that he had considered carefully the points which the boroughs had since made to him. As a result he was prepared to judge their performance by their final spending figures for the current financial year rather than the sums originally planned.

In making this calculation he would not take into account the money which the boroughs had spent on inner-city programmes. This he said, may enable some of the authorities to achieve a waiver and gain exemption from the original penalty.

Mr Heseltine's remarks about the police follow protests from provincial forces that their budgets suffer dispropor-tionately because of the large slice of grant which goes to the Metropolitan Police.

He said the position of police authorities outside London will with them.

The court held however that after considering representations from the boroughs Mr be improved by the news that the Metropolitan Police precept for the coming financial year had been reduced by £13m

ployer associations and trade

with Mr Michael Foot, the

Opposition leader, over the

significance of the fall in indus-

trial output in December. He described it as a "col-

lapse" to the lowest figure for

more than 14 years and chal-lenged Mrs Thatcher to say

whether she regarded it as

optimistic prophecies about the

prospects for the economy, which she had made over recent

Mrs Thatcher warned Mr Foot

against attaching too much importance to the statistics for

conditions this century.
Other factors to affect output

were the strikes at BL and

Ford. Mrs Thatcher pointed out that a former political adviser

of the year was strongly up-

throughout the country.

single month and, to jeers from Labour MPs, recalled that

of the worst weather

Earlier, Mrs Thatcher clashed

There would therefore be a "modest consequential in-

level of local authority spend- had sought a reduction on 5.6 ing were meeting with success. per cent in local authority. The Government had tried to spending between May 1979 and The Government had tried to spending between May 1979 and make a shift in direction against April 1982. a background of spiralling unearned consumption.
Over the next 12 months, there would be a continued

shift and he believed this process would accelerate. "That is my objective and that is what I shall continue to work for,"

he said.

Every local council had an essential role in the strategy for defeating inflation. If overspending councils did not realise they were destroying jobs and investment then they are to the high-smending authorities.

Yet the achievement of the majority of local authorities there were proved how reasonable the essential role in the strategy Government's policies had been. Of 413 authorities there were spending councils did not spend within 2 per cent of the reduced level. He felt was not listened to the "clamour are to the high-smending authorities."

He emphasised that 70 per Mr Heseltine maintained that cent of local authority spending the number of council went on manpower. The level employees, which has been of wages was in their own rising strongly, had turned

lated from excessive price

crease" for the provincial In the coming year the forces.

Mr Heseltine argued that his attempts to control the high more than 400 authorities. He

But there had been a flow of misleading threats about the consequences of this target. There had been "carefully orchestrated headlines" and a deliberate campaign to prevent any cuts taking place. Yet the achievement of the

had not listened to the "clamour up to the high-spending authori-of indignation" from the private ties to prove why they could sector.



Spending curbs successful."

downwards. Between June 1979 and September 1981 staffing levels in England had dropped by 4.1 per cent.

Labour says Government considered saving BNOC

BY PETER RIDIDELL, POLITICAL EDITOR

ALLEGATIONS that Mr David Howell, the former Energy Secretary, as well as the board of the British National Oil Corporation considered proposals to preserve the unity of BNOC were made in a Commons committee yesterday by Mr Ted Rowlands, a Labour energy

claimed that last May, when Mr Howell was still Energy Secretary, there were discus-sions with BNOC about plans to keep its operations as a single entity rather than hive off the oil, exploration and production side into Britoil, retaining a State trading company, as now proposed.

Memorandum

and assured tenancies— lining seven options for designed to maximise the use of BNOC's future. Most envisage designed to maximise the use of existing housing in the private rented market.

BNOC's future. Most envisage details of private talks leading raising capital in various ways, only one splitting the organi-

Mr Rowlands said that the tenancies were known to have the alternatives, especially as in been arranged "despite some his view there was no support for the split from the BNOC statements" from the Labour board or from last summer's he said he would raise the quesscheme by the former Energy tion at the Report Stage.

link across the Channel.

governments that in principle



Mr Rowlands discussed a of an integrated corporation. Replying for the Government Mr Hamish Gray, Minister of State, Energy, refused to discuss

The issue arose on an amendment by Mr Trever Skeet (Con, BNOC stayed an integrated unit. Withdrawing his amendment, it says.

The Labour Party is against in practice most operations will since not all firms in the cateprivatisation but says that if it be integrated in Britoff, leaving gorles of consumption concerned has to happen it is better done a small company for participal have been able to realise them introducing equity at the top tion agreements and oil trading.

politicians to narrow differences BY MARGARET VAN HATTEM, POLITICAL STAFF

Northern Ireland Secretary, system of government based on yesterday warned political the existing four provinces, leaders in the province that he might abandon plans for devolved government if he felt they were making no effort to overcome their differences.

Although the Labour Party is committed to a policy of unity by consent in Ireland this is In a major statement of his chans, made to a meeting of the

Conservative Party's Bow Group at Westminster, Mr Prior said he was not aiming for total agreement between the main His main aim was to try to

bring their disagreements down to manageable proportions, and to establish a framework which would enable them to work out and operate their own system

not making any movement to narrow their differences, then the Government would abandon the attempt and continue with direct rule.

Mr Prior was speaking hours after a senior Cabinet commit-

tee examined for the first time his proposals to set up a Northern Ireland Assembly with elections later this year. No major objections to his plans appear to have been raised, but a further meeting is planned before any statement is made or legislation presented

Ireland, unveiled a major shift in Labour thinking when he called for a discussion on the

JAMES PRIOR, the Society, should look at a federal system of government based on

by consent in Ireland, this is the first time that an official spokesman has spelled out in detail how it might be achieved. Mr Prior also spoke out in defence of the desire of North-ern Ireland's Catholic minority for reunification. Their nationalist aspirations, he said, were a fact—one that Britain would

have to accept, and which would not be wished away. "Expressions of this aspiration through the usual demo-But he added, if in the end, he cratic means, is clearly concluded that the parties were legitimate and acceptable," he

He firmly ruled out suggestions advanced by Unionist leaders such as Mr James Molyneaux and Mr Enoch Powell and supported by some Conservative back benchers that the province should be integrated within the UK and political power strengthened at local government level. The present troubles had arisen, he said, through civil

rights demonstrations in the 1960s when the minority community was strongly incensed to the Commons.

Meanwhile, Mr Chive Soley, a level, particularly over housing.

Tahour snokesman on Northern "For a Government now to which would have as its centrepiece the return of much greater constitutional structure for a mover to local government united Ireland.

This, he told a meeting of the Oxford University Fabian united in the concern, and the concern, he said.

Industrial electricity price 'cheaper than thought'

THE GOVERNMENT yesterday claimed that UK electricity prices for hig industrial users ings has been to reduce dispariwere 10 per cent higher than those in West Germany—not 16 per cent higher as stated by the protested strongly that their National Economic Development Office task force in a report last autumn. The Government's claim came

in a written commentary on a report published last summer by the Commons select committee on energy. Bulk electricity users have been able to make substantial savings as a result of measures announced in the last Budget enabling manufac-, heavy fuel oil. sides be sold off to ensure that turers to make average electri-

It suggests that these savings on at the Report Stage. "were not fully allowed for in The Government thinks that the November NEDC report have been able to realise them

It goes on to argue that the MPs expected to speak on their "overall effect" of these savbehalf include Sir Bernard protested strongly that their energy prices were higher than those of their confinental competitors.

Fuel and power prices have now been brought more closely into line with those in the rest of Europe. But electricity prices for high load factor, big users continue to be a source of grievance in the UK as does the UK's £8-a-tonne duty on But the Government claims

city cost savings of 5 per cent that "the real burden of the it says. duty has fallen by about 20 per cent since the 1980 Budget." The British Gas Corporation has officially confirmed that its 50 per cent stake in the Wytch Farm offield in Dorset is believed to be worth around

support of nine of the 10 Canadian provinces, have been passed by the Canadian Partiament, and have been deemed legal by the Canadian Supreme Court. Mr Jean Chretien, Canadian

Minister of Justice who arrived in London yesterday for the debate, said before leaving Ottawa that "this is not a problem for the British —it is a problem for Canadians."

The opposition in Canada has all but collapsed, although the Quebec government of Mr Rene Levesque argues that Quebec has a right to veto constitutional change in Canada because the country was born of a compact between British Canadians and French Canadians. The latter, overwhelmingly, live

The initial proposals of Mr Pierre Trudeau, the Canadian Prime Minister, for abolishing Westminster's right to change the Canadian constitution, included a formula for future amendments, which, in effect, would have given Quebec such a veto. That veto no longer forms part of the package in the Canada Bill.

lepresentatives of the Canadian Indians are also still opposing the Bill on the grounds that it insufficiently guarantees their rights to land—rights which were set out in treaties with the British Crown and in a British royal proclamation. case brought by the Indians

of Alberta was dismissed in the Court of Appeal in Lon-don on January 28. The court ruled that any obligations of the British Crown now lay with the Canadian Government

Holiday, giving workers a four-day break at the end of May, press for an early rejection of it was disclosed yesterday. In a Commons written reply, Mr Michael Alison, Employment Minister of State, said he

fore next year and it would only apply to England and Wales, he

Too much specialisation in schools, say MPs

of agreements between em- who backs the strikes."

scale generally paid as a result to Tory cheers; "It is Mr Foot

BY MICHAEL DIXON, EDUCATION CORRESPONDENT SCHOOLS should be freed from ment. This would include

the narrowing influence of university-entrance criteria, the Commons select committee on education, science and the arts said vesterday.

The committee, which surveyed schools last year "found a very wide concern about the extent to which universities were fell to be dominating the secondary curriculum."

The committee's report says specialisation from the age of 14 or even earlier, and not only for children with high academic aptitude. Schools' courses should place

less emphasis on academic detail, and more on promoting broader understanding of important facts and concepts and The report makes 64 recom-

mendations. One is for a change in the law to allow children to updergo work-experience in the last two years before ending their compulsory education. instead of in the final year only. The MPs also want a national system of "profiling," under which every school-leaver would receive a record of achieve-

examination successes and descriptions of activities in which the pupil had excelled. But another survey reported yesterday indicated that such a system was not practicable in

qualified to judge—such as party's rules, manual dexterity and ability to He warned that until Labour

the use of a telephone while at Profiles would best be developed in a limited local context, and designed to meet the

the foreseeable future. Mrs Jan Balogh, a London teacher who studied the use of profiling in English schools, told a Schools Council con-ference at Stoke Rochford that

there were too many obstacles to a national system. assess children's skill in activities which they were not

work in a group.

Many children did not have the opportunity to show working skills such as leadership or

needs of particular employers, schools and pupils,
The Secondary School Curriculum and Examinations. HoC Paper 116-1; SO, £7,

Bigger private

house rental

market urged

By Michael Cassell

POLITICAL consensus over the role of the private rented sector could make available many thousands of badly needed homes, Mr John Stanley, for Housing and Construction, told a Commons select committee yesterday.

Mr Stanley told the environment committee investigating the private rented housing sector, that there was an urgent need for the major political parties to establish a greater Speaking in the Commistee degree of understanding about Stage of the Oil and Gas (Enthe contribution which the terprise) Bill, Mr Rowlands parties to establish a greater sector could make towards solv-

ing Britain's housing problems.

He pointed out that the private rented sector accounted for around 14 per cent of the nation's housing stock-a much lower figure than in most other European countries and in the U.S.—and claimed that large numbers of houses were left vacant because landlords were uncertain about future housing

policies.

Mr Stanley said that the Government had included measures in the Housing Act BNOC memorandum to the Government in May 1980 outto the last Labour Government had said the trend for the rest Mr Foot contended that the December figures bore out the gloomy forecasts recently made by the CBI and contrasted with

the Prime Minister's optimistic Hy reported that since short- sation. prophecies made while mass hold tenure was introduced a year ago, over 5,000 such redundancies were being made Mrs Thatcher retorted that Social Services to have a look the figures for the fourth quarexceptionally damaging policy ter of last year showed that (The leaflet makes it clear industrial production had risen. Party, which had cast doubts Emphasising that one of the ment register is entitled to reasons why production had regard a job as unsuitable if fallen in December was the on the future of such agreements under any future socialist government. the pay offered is below the number of strikes, she declared,

Mr Stanley said the Goversment was not planning any new proposals designed to give the private rented sector a "miraculous upsurge," but that it intended to make it an attractive option for large numbers of people seeking accommodation for

Underhill says Militant guilty

LORD UNDERHILL, the former national agent of the Labour Party, who carried out the party's last inquiry into the activities of the Trotskyist Militant Tendency organisation, said last might that he was convinced that, in view of For example, teachers felt the evidence available, the that profiles would require them national executive committee's inquiry would confirm that Militant's was breaking the

dealt with Militant, it would not regain the confidence of its traditional supporters. The NEC refused to publish Lord Underhill's highly critical report on Militant. Instead, he

nublished it himself, in an attempt to get the party to take some action.

Despite the volumes

evidence he produced the NEC refused to take any action. Before Christmas, however, the NEC agreed to a new inquiry.

BY LYNTON Meliain, TRANSPORT CORRESPONDENT MR DAVID HOWELL, the narrow the range of schemes Transport Secretary, is to be that officials from the British questioned by MPs on the Commons transport committee ments believe should be given Transport Secretary, is to be questioned by MPs on the Commons transport committee today over the Government's evaluation of plans for a fixed the go-shead for further study. Two of the main contenders for the Channel link project are He is expected to announce the British Rail-European Channel Tunnel Group partnership and the Tarmac-Wimpey Chanthat the joint Anglo-French interim report on plans for a Channel link will be ready early next month. This report nel Tunnel Developments (1981)

company, yesterday they engaged in a war of words over is widely expected to recom-mend to the British and French each other's rival scheme. Mr David Williams, the senior a fixed link across the Channel BR planning officer for the railshould be given the go-ahead. The report is also likely to only tunnel, criticised the Channel Tunnel Developments

ment proposed a seven-part pay

"campaign" to discredit his cars but not wide enough for scheme, by claiming that the Tarmac-Wimpey consortium had resorted to "untruths, half-truths and innuendoes,"

This has been described by Channel Tunnel Developments as the BR "mousehole scheme." Mr Tony Gueterbock, director

of Channel Tunnel Develop-ments (1981) said he imagined the BR group was "over reacting and being unduly sensitive to any criticism."

One of the main differences between the BR group scheme and that proposed by Channel Tunnel Developments has been the size of tunnel. The BR the BR group said it too would

lorries on the backs of trains. This has been described by as the BR "mousehole scheme." Channel Tunnel Developments prefers a single or twin rail tunnel up to seven metres in diamter—the extra metre being crucial if trains are to carry

The seven metre turnel coincides with the recommendations of the MPs on the Common Transport Committee. Yesterday group favours a six metre tun-nel, wide enough to take rail seven metre diameter tunnel.

Civil servants face market forces Philip Bassett on a complex pay offer

Howell to answer Channel link questions

THE GOVERNMENT'S pay offer to 520,000 white-collar civil servants yesterday is the clearest statement so far of its intention to subject Civil Service pay to the impact of market forces. The framework of this extra-

ordinary offer is also likely to be intended as clear guidance to the committee chaired by Sir John Megaw which is examining Civil Service pay in search of a replacement for the comparability scheme scrapped by the Government.

That move led directly to last offer. year's damaging 21-week strike. The outcome warned civil servants that the 1982 pay negotiations would be difficult—but even with early indications of the likely shape of the offer, few could have thought the Government would take such a dramatic step as this.

Leaders of the Council of Civil Service Unions met Treasury officials yesterday to hear the Government's reply to their claim for 13 per cent, with an underpinning increase of £12.50 2 week. They were left in little doubt of the complete change

The more account taken of market and managerial factors, fied new allowance. the unions were told, the less UNTAXED luncheon vouchers relevant became their arguments based on comparability and increases in the cost of

While these factors had a ADVANCES for staff to buy bearing on the offer, their inseason tickets, at a "minimal" fluence was indirect, and could net cost to the Government;

to 520,000 white-collar workers be subsumed in the market signals which guided management. "MODEST" improvements in leave allowances to remove anomalies and smooth out pro-Officials stressed value for gressive holiday entitlements; NEGOTIATIONS with private money, rewards for skill, ex-

change in the rates for 16-20 NO INCREASE for junior staff; MERIT rises of between 1 and 51 per cent for experienced staff. Higher increases would go to the most experienced staff rently £3,976 to £5,102, would rise by 1-21 per cent to £3,976

in each grade. IMPROVEMENTS in skill and responsibility allowances-particularly for computer staff. The offer proposes increases in allowances for specialised skills ranging from 5 per cent for typing and data processing staff to about 11 per cent for execu-

tive officers engaged directly in computer work. Qualified computer staff at the higher executive officer level would receive an unspeci-London weighting is payable on top of these rates where would be replaced by taxable cash payments for about 17,000

junior staff to allow freedom of choice;

perience and responsibility and the importance of incentives. health companies to see if "advantageous discounts" are To these ends, the Govern-

> year-old clerical officers, which currently range from £2,594 to But the main adult scale, cur-

(no change in the bottom-rate) to £5,230. A relaxation in the offer of allowances would lead to a "Maximum +1" rate of £5,383—a 51 per cent increase for the most senior staff in the Rates for a principal would

rise on a similar basis: no increase at the bottom end of £11,372, and a 1-21 per cent rise up the scale, from £11,693-£15,010 to £11,810-£15,385 again with a topped-up "Maximum +1" rate of £15,836.

The offer may well prove divisive to the trade unions. It offers improvements for certain and more experienced staff

which they would not wish to alienate by rejecting it outright. Its central thrust — different offers for different grades, instead of an across-the-board increase—is likely to anger union leaders. Their members, though, may well find that there is enough in it to satisfy disparate groups and prevent their leaders' anger from swelling into industrial action.

The offer is clearly based on a political ecolopiation in the control of the contr The offer would mean no

a political calculation that after an expensive series of at best inconclusive strikes last year. May Day break there will be little stomach for May Day a fight this year.

are talking now of action only eventual arbitration award and holds the Civil Service to its 4 per cent cash limit pay and a new one established provisions — and that talk is linked with the Spring Bank Holiday, giving workers a four-Some union officials will now

the offer, and a move towards

arbitration, which was guaranteed as part of the settlement to last year's strikes. It is quite clear from the terms of this offer, though that the unions will meet stiff resistance from the Government at aribtration - and that the political will to go to parliament necessary to override it is

Even militant union officials may be scrapped if the Government rejects any THE MAY DAY Bank Holiday

> would consult financial institutions, employers and employees organisations and others to see if it "would be sensible" to make the move.

There could be no change be

Leipzig Fair

German Democratic Republic

14/20 March 1982

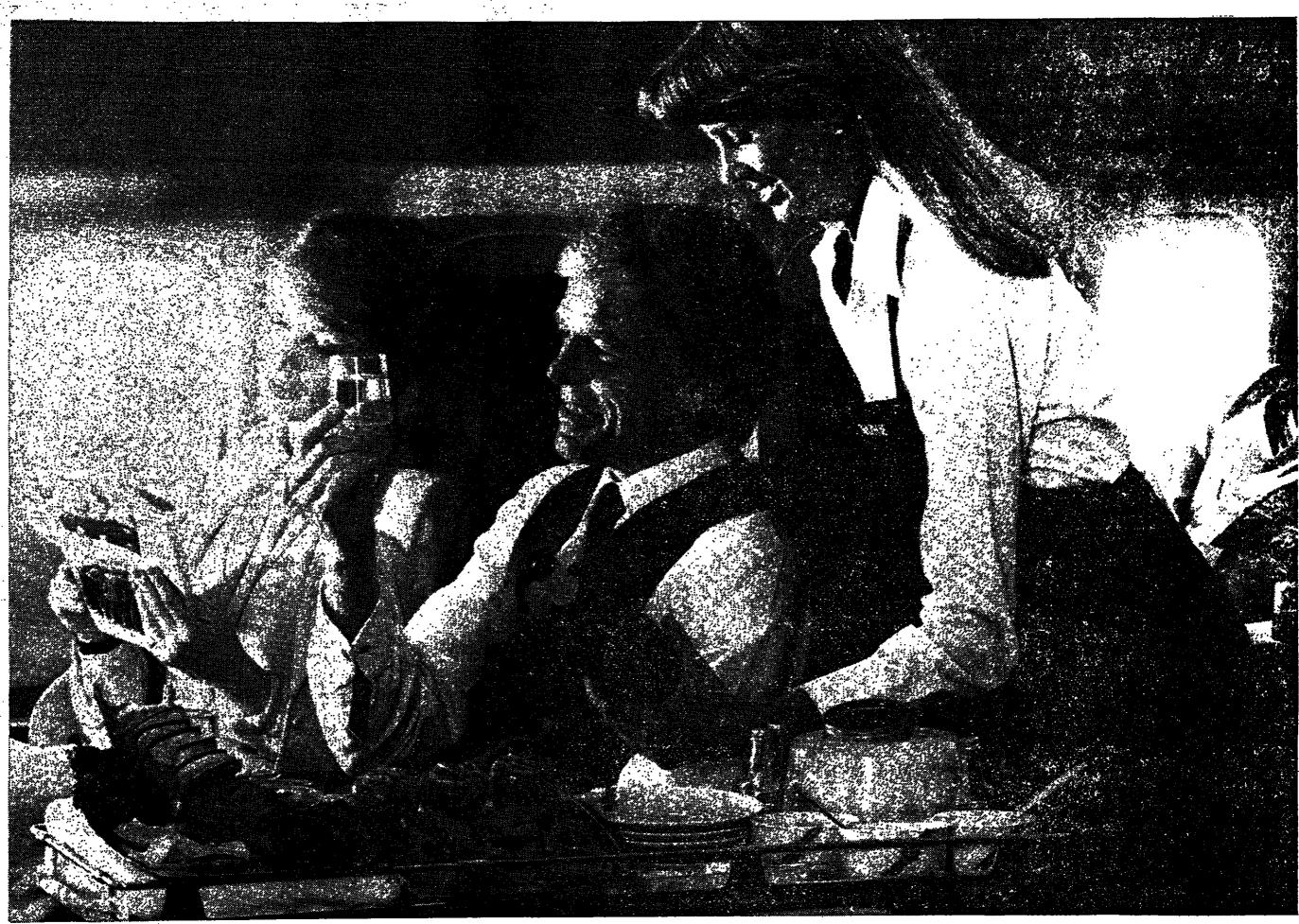
Leipzig is internationally recognised as a major world trade centre and the gateway to the stable market of the CMEA countries. In particular, it is the major commercial event in the GDR, at which some two thirds of the Republic's foreign trade is carried through. Major international manufacturers take part in

the carefully planned product groups of this dynamic multi-branch Fair. Of special importance are the displays of machine tools. heavy industrial equipment, electrics and electronics, and agricultural and food machinery. Leipzig is indeed a Fair for specialists: hundreds of thousands come from the GDR, some 45,000 from other socialist states. It is the ideal location for the expansion of existing connections and the establishment of new links in East-West trade.

including yours.

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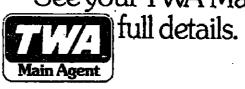
flower on your table. Service is discreet, attentive and friendly.

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Sterling for foreign currency creditors

Court of Appeal (Lord Justice Lawton, Lord Justice Brightman and Lord Justice Oliver): February 11 1982

WHERE A company goes into liquidation owing debts in foreign currency and in sterling, payment of dividends by liquidators to foreign cur-rency creditors should be made in sterling at the exchange rate prevailing at the date of commencement of winding-up.

THE COURT of Appeal so held when dismissing an appeal by Lloyds Bank International from Mr Justice Slade's decision in the Chancery Division that liquidators distributed assets correctly in winding up Lines Bros Ltd (the company).

Section 302 of the Companies Act 1948 provides: "...the property of a company shall, on its winding up, he applied in satisfaction of its liabilities part

LORD JUSTICE LAWTON said that the bank lent the company 18.5m Swiss francs repayable in the same currency. On September 28 1971 a resolution was passed to wind up the com-pany, and the liquidators later pany, and the liquidators later paid dividends to the foreign currency creditors, including the bank, in sterling at the rate of exchange then prevailing.

After September 25 sterling In Miliangos the House of depreciated against the Swiss Lords decided that the Swiss

franc. Had Swiss francs been

dators should have worked out the proportions of the claims, and paid the bank either in Swiss francs or in sterling calculated at the prevailing rate which would have bought it its proportion in Swiss francs.

The liquidators had followed a practice which had been recognised as correct in law since the 1860s. The bank said that that practice was invalidated by the Miliangos case [1976] AC 443, and that since then all liquidators should either pay dividends in the foreign currency in which the debt was incurred, or in the sterling equivalent at date of payment.

Mr Justice Slade held that the correct date for fixing the exchange rate was the date of commencement of the voluntary winding-up, namely September 28 1971. He followed Mr Justice Oliver's judgment in In re Dynamics [1976] I WLR 757. The bank now appealed from his decision.

In Miliangos the House of

RACING

BY DOMINIC WIGAN

IT MAY be Fred Winter's day at Windsor this afternoon. The Lambourn trainer saddles three horses, all with chances. Most interesting of the trio is Venture To Cognac, winner of that controversial three-horse race at Kempton last month when the Owl was pulled up at halfway. True, it was a hollow victory, but it showed that, following more than a year's absence from the course, Venture To Cognac's jumping ability remains sound.

I expect him to be too good for Dramatist in the Fairlawne Chase (3.15) and so show that he is by no forlorn hope for the Tote Cheltenham Gold Cup.

Winter's other two runners are Rodman in the Magna Carta Handicap Chase (2.15) and Princeton in the Don Pepino Novices Chase (3.45).

Rodman has not run for a long time, and faces stout opposition from Major Knight and Durham Lad, who incurred a 10 lb penalty through an easy

steel stockholding business.

bought with the bank's sterling dividends on the dates of payment, it would have lost about

The bank claimed that before paying each dividend, the liqui-

victory at Wolverhampton nine days ago.

Princeton, a performer on the flat when trained by Major Dick Hern, is beginning to show signs of developing into a useful steeple chaser. He won convincingly at Leicester recently and his task this afternoon does not look

Richard Hannon saddles Hiz or Mepcote in the Hatch Bridge Hurdle (2.45), and I would not long odds-on favourite Little care to oppose whichever is his selected runner. Best bet at Worcester may

be Broad Principle in Division II of the Bransford Novices Hurdle (2.00). This Bustino gelding won two good handicaps on the flat last season when trained by Michael Stoute. He shaped well on his first appearance over fences at Ludlow last Wednesday, and may not have to improve much on that to score today.

WINDSOR 2.15—Rodman 2.45-R. Hannon's selected 3.15-Venture To Cognac** 3.45-Princeton*

WORCESTER 2.00-Broad Principle*** 2.36—Rannoran 3.30-Rathgorman

"In late 1979, two friends and I decided to set up our own

Had we known what awaited us, I think the three of us

would have stayed in our nice, comfortable, salaried positions.

plaintiff could, in an action brought in England, ask for judgment in the currency of account, which was Swiss francs. The House recognised, however, that there would have to be provision for converting the foreign currency into sterling if the judgment were to be enforced in England. The conversion date authorised enforcement in terms

of sterling. Following that decision a practice direction ([1976] 1 WLR 83) was issued directing that the sum set out in judgments in foreign currency should be followed by "or the sterling equivalent at the time of payment."

The inference to be drawn from Miliangos and the amended practice was that if a judgment creditor in a foreign currency wanted to enforce it under English law, there had to be a conversion into sterling before execution.

A liquidator could not apply a company's property in satisfaction of its liabilities pari passu under section 302 of the Com-panies Act 1948, until he had put a value in sterling on any claims in foreign currency. He had to compare like with like, and a Swiss franc could not be compared with a pound until its sterling value was known. A convenient date for making the valuation was the date when the winding up started.

Mr Stubbs for the bank, submitted that pari passu in section 302 meant that dividends had to be paid in the same proportions in which the claims stood at the beginning of the liquidation. The notional conversion of the bank's claim into sterling as at September 28 resulted in its debt not being fully paid. The sterling creditors' debts were fully paid. and the liquidators had therefore not paid the debts pari passu.

That submission ignored the juridical nature of liquidation. The company's assets, when realised, provided a fund which the liquidators administered in many respects like a trust fund. Creditors' contractual rights to be paid became statutory rights in the fund. Its size had to be ascertained as soon as possible because it could not be applied until then, and as like had to be compared with like, its valuation had to be in sterling.

Since re Humber Ironworks 1869) 4 Ch App 643, it had been the practice to value the fund as at the date of liquidation. There was no reason why a dif-ferent date should be fixed merely because one or more of the liabilities was stated in a foreign currency.

The appeal should be dis-

LORD JUSTICE BRIGHTMAN agreeing, said that the policy behind the Miliangos case was should not be entitled to impose on a foreign currency creditor the risk of a fall in the value of sterling. Justice demanded that the risk should be horne by the debtor, who was the party in

In the present case there was no reason why the sterling creditors should bear the risk of depreciation in the value of sterling. The just course was to value the foreign debt once and for all at an appropriate date, and to keep that rate of conversion throughout the liquidation The loss and benefit from then lie where they fell.

The only candidate for single conversion date in the present case was the liquidation date, that is the date of the winding-up resolution.

LORD JUSTICE OLIVER also agreeing, said that the key word in section 302 was "liabilities." Mr Stubbs suggested that because Miliangos established that a creditor in foreign currency was owed foreign currency, it followed that debtor was a debtor in foreign currency alone and could not obtain his discharge by anything

That was to stand Miliangos on its head. What Miliangos was concerned with was the measure of a debtor's liability in sterling when, ex hypothesi, he had not paid and was unwilling to pay in the currency of the debt Applying that to liquidation

one of the liquidator's tasks was to ascertain what "the liabilities" were, and it was not disputed that they were liabilities as they existed at the winding-

The amount of a liability was to be measured by that which the person liable could be compelled to pay in order to dis-charge his obligation. The company's liability at the winding-up date was the amount it could be compelled to pay, and was whatever sum in sterling would then discharge the debt.

Appeal dismissed. granted to appeal to the House of Lords. For the bank: William Stubbs QC and Mary Arden (Cameron Markby).

liquidators: David For the Graham QC and Robin Potts (Simmons & Simmons).

By Rachel Davies

"We were just about ready to admit defeat. And then we discovered Central Lancashire."

We saw people who wanted us to give financial guarantees to the year 2005. People who didn't want us because we weren't a manufacturing business.

Finally, late in June 1980, I saw an advert for the Central We gave up our jobs early in 1980. And spent the next Lancashire Development Corporation. Expecting miles and miles of red tape and months of delay,



CENTRAL LANCASHIRE HAVE WORKSHOPS, NURSERY AND STANDARD FACTORIES READY FOR IMMEDIATE OCCUPATION, PHONE BILL MANAB, OUR, COMMERCIAL DIRECTOR, IF YOUR DIRECTOR NOW MORE.

GARDENS TODAY

A time to bring back the birch

BY ROBIN LANE FOX

patches of early spring sunlight make me long for a formight in a special sort of forest. It would not be a wood of Malaysian orchids nor of North American willows, but a Chinese forest of well-grown birches.

Birches are the trees which revel in the damp and wet surroundings of our countryside in February and which come to life, like no other variety when the afternoon light falls across their trunks before their leaves are open and deflected. Nowadays, birches have fallen from grace in small gardens, largely because they are greedy trees whose surface roots starve the bulbs and cover beneath them.

to fix them as a tree for suburban settings only and I dare say that the rise of the sauna bath and those bundles of birch twigs have deterred most sensible gardeners.

Like oaks, however, birches come in all shapes and sizes, yellow, silver, paper white, weeping or only three-feet high, the miniature birch which is native to the Scottish Highlands. Earlier this century, some wonderful forms were collected by travellers in China and Japan who wrote rhapsodically of their creamy trunks and orange brown bark, visible for miles down their native hillsides. Many of these birches had for primitive banknotes

buoyant credit. about birches, I bet you have they fall in autumn.

never noticed their scent. Old Nurserymen only sell the Miss Jekyll knew all about this white barked form of this WET WEATHER and warm never noticed their scent. Old in the copses in her Surrey landscape. In a warm mid-April, she noticed, the fresh green leaves give off a scent as strong as lily of the valley "as if it were the office of these mountain trees already nearest

the high heaven, to offer a mass of praise for their new life." If you visit a stand of birches away from a roadside or urban planting, their scent is still evocative—lost when we cram these great trees among the murderous smell of traffic.

There are no bad birches in the family, but there is more to enjoy than the familiar silver and the rough blackened wrinkles of its old age. Hillers of Winchester list almost all the birches you could ever want. If you have a damp and acid soil which they love, you ought to branch out and think boldly of yellow and brown orange birches for the views down your boundaries and hill-

At Bodnant Gardens in North Wales you can learn from the great dell how best to place rare birches in a setting fit for rhododendrons. Westonbirt, in Gloucestershire, went boldly into birches a generation ago and now sets its visitors some superb examples.

In Ireland, I recall a sensational group of the prince of Himalayan birches in the care waterproof bark, so the natives of Trinity College, Dublin. Sold used it for boating and roofing as Betula jacquemontii, this is the most dramatic birch for when they floated new ventures the adventurous gardener. It is or flooded the market with a tree with peeling white bark and leaves which are toothed you think you know all and brilliantly coloured when

nowadays, though strictly it can also range into pale brown or buff. It is a tall, thin tree, for a noble site and is worth plac-ing where its trunk can be admired, above all in a widely spaced triangle of three.

If Dublin is too far, there is a wonderful example, like a cream-white column, up north in the Edinburgh Botanic Garden. It refutes the old fears that this birch is not completely

hardy.

I wish we all made more of the yellow birch called lutea. You can see this in full swing at Kew or Westonbirt and although the young yellow bark has to poke through an upper layer of peeling brown, it is a grand tree of distinction which matches its silver companion in a mixed grouping. Hilliers still sell it, together with a pinkish cream variety called Ermanii which is at home in the wild from Siberia to Japan.

Eventually, this makes a huge tree up to 100 ft, but it is worth finding room for its branches because they are a rusty shade of orange brown. Its leaves turn a brilliant yellow and fall perfectly round the pale trunk in autumn. I am surprised how little notice we give to the birch's autumn colour.

These forms will grow anywhere, but they are not at their best on dry or chalky soils and I see no point in choosing them for the struggle against a hot summer where the ground does black and silver birches, but its not suit them. At Wisley, you stock all derives from one lost can see the best birch for a very damp site, but you might miss it because it has none of the whiteness

Betula nigra, the Black Birch, has an odd habit of keeping a curling collar of old brown bark up the length of its trunk. The stems usually branch just above the ground, but this is a rugged American variety which will surprise conventional gardeners. It grows quite freely with or without a nearby river. The green leaves are shaped like cut

diamonds. The only birches which I would not plant are the true weeping forms, especially the famous Youngii variety for smaller gardens. Even if you remember to train this tree's main stem upwards before you allow it to droop naturally, its branches will fall forwards and hide the trunk beneath a thick curtain of green leaves. It is not a tall tree and although it selis well, I far prefer the plainer forms of our native

hirch. Before Mr Young made his choice, this ordinary tree combined the heauty of a black-and-white trunk with the weeping line of the branches which hang from the main stem. Few other trees give such a contrast of line in one and the same plant. The plain form is excellent, but I would end any collection with the lovely Swedish variation called Dalecarlica. This is exceptionally elegant, distinctive in leaf and more graceful in its thin canopy of drooping branches.

For me, it is the pick of the parent, so I would have to bring it to my garden, not find it by the dozen among the yellows and of the familiar browns which make up the wild birch forests in my mind's eye.

LONDON

12.00 The Munch Bunch. 12.10 pm Rainbow. 12.30 Play it Again. 1.00 News, plus FT Index. 1.20 Thames News with Robin Houston. 1.30 Take the High Road. 2.00 After Noon

BBC 1

6.40-7.30 am Open University (UHF only). 9.05 For Schools, Colleges. 10.00 You and Me. 10.15 For Schools, Colleges. 12.30 pm News After Noon. L00 Pebble Mill at One. L45 Postman Pat. 2.01 For Schools, Colleges. 3.05 Songs of Praise from Crawley Down. 3.40 Play it Safe! 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Winsome Witch. 4.25

Jackanory with Prunella Scales. 4.40 Take Hart with Tony Hart. 5.00 John Craven's Newsround. 1.05 Grandad starring Clive Dunn. 5.35 Ivor the Engine.

5.40 News. 6.00 Regional News Magazines. 6.25 Nationwide. 6.50 Rolf Harris Cartoon Time (London and South East

only).
7.20 The Wednesday Film:
"The Last Hunt," starring Robert Taylor and Stewart Granger. News.

9.25 Sportsnight: The Grey-hound TV Tropby from Manchester, World Bob-sleigh Championships from St. Moritz; plus news of tonight's football. 10.25 Parkinson: James Stewart is among Michael Parkin-

son's guests. 11.23 News Headlines. 11.25 News Reauthes.

11.25 Oscar Peterson — Words and Music, with Stéphane Grappelli and Jean "Toots" Thielemans.

TELEVISION

Chris Dunkley: Tonight's Choice

BBC2 and ITV each have a documentary which sounds interesting. Chronicle tells the story of "The Father Of Pots," Sir Flinders Petrie, a man described as a genius of archaeology. Sir Flinders Petrie, a man described as a genius of archaeology. Born in London in 1853 he first went to Egypt at the age of 27 to test the theory that the Great Pyramid was "divinely inspired." Six Million Dollar Man. 3.45 While disproving it, he became aware of the wholesale plundering of the ancient monuments of Egypt, and to save them from further damage he joined the newly formed Egypt Exploration the Britons. 5.15 Mr Merlin. Fund to introduce proper scientific excavation. Petrie was among the first to realise that the true history of Egypt was to be found in the small things: the potsheds and everyday domestic objects.

ITV's East 163rd Street is the story of a poor American family deeply involved in the drug culture. It was directed and shot on the streets of New York's Spanish Harlem by cameraman Chris Menges who has become something of a specialist in films about drug abuse. He also photographed The Opium Trail and Opium Warlords, The White Powder Opera and The Politicians. Tonight's programme tells of Tony, the 43-year-old mother who has been a heroin addict for many years, her common law husband Paporté who is also addicted, Tony's son Danny who has just started on the drug, and his sister Candy who tries to stop him

6.40-7.55 am Open University. 10.20 Gharbar. 11.00 Play School. 12.30-1.20 pm Open University.

3.55 Landscapes of England. 4.20 Dayan. 5.10 Santa Maria del Popolo. †5.40 Laurel and Hardy in: "Dirty Work." 6.00 The Water Margin. 6.45 The Making of Mankind. 7.35 News Summary. 7.40 The Master Game. 8.10 Chronicle. 9.00 M*A*S*H. 9.25 Nancy Astor.

10.15 Out of Court.

10.45-11.35 Newsnight.

6.00 Thames

5.45 News.

Gardner and Rita Carter. 6.25 Help! with Viv Taylor

News with

6.35 Crossroads. 7.00 This Is Your Life: Eamonn Andrews has a

surprise for another unsuspecting guest.

7.30 Coronation Street. 8.00 Starburst.

9.00 Minder, starring Dennis Waterman and George

10.00 News.

10-30 East 103rd Street. 11.50 Barney Miller.

12.20 am Close: "Sit Up and Listen" with Elisabeth Lutyens,

† Indicates programme in black and white

All IBA Regions as London except at the following times:

ANGLIA 1.20 pm Anglie News. 2.45 Trapper John. 5.15 Happy Days. 6.00 About Anglie. 11.50 Love American Style. 12.15 am The Big Question.

BORDER 1.20 pm Border News, 2.45 Bracken, 5.15 Radio, 6.00 Lookaround Wednes-

CENTRAL 1.20 pm Central News. 2.45 Hagen. 5.15 Radio. 6.00 Crossroads. 5.25 Central News. 11.50 1982 Buthnat Grand Masters Darts Championship. 12.20 am Replay: Night Gailery. CHANNEL

1.20 pm Channel Lunchtme News. What's On Where and Weether, 2.45 Trapper John. 5.20 Crosroads. 6.00 Channel Report. 6.35 Ladies First. 10.28 Channel Late News, 11.50 Super-

star Profile. 12.10 am Epilogua tol-lowed by News and Weather in French. GRAMPIAN

9.25 am First Thing. 1.20 pm North News. 2.45 The Great Depression. 5.15 Privers Benjemin. 8.00 North Tonight. 11.50 Superstar Profits, 12.20 North Headlines. **GRANADA**

12.30 pm Mr and Mrs. 1.20 Granada Reports. 1.39 Exchange Flags. 2.00 Take the High Road. 2.30 The Multi-Million Viewer Audition. 2.45 The Great Depression. 5.15 Private Ben-jamin. 6.00 This Is Your Right. 6.05 Crossroads. 5.30 Granada Reports. 11.50 Police Surgeon. . HTV

1.20 pm HTV News. 2.45 Bracken.
3.45 The History Makers. 4.45 Sport
Silly. 5.10 Ask Gedard 5.20 Crossrosds. 5.00 HTV News. 5.30 Sing a
Song With Me. 10.28 HTV News.
11.50 The Amazing Years of Cinema.
HTV CYMRU/WALES—As HTV WEST

except: 12.00-12.10 pm Fialabalam. 4.15 Y Rhaiffordd Gudd. 4.45 Mr Merlin. 5.10-5-20 Dick Tracy. 6.00 Y Dydd. 5.15-5.30 Report Wales. 10.30 Pethau Prin. 11.75-12.35 am East 103rd Street. SCOTTISH

1.20 pm Scottsh News. 1.30 A Full Life. 2.45 The Great Depression. 5.10 Trivial Tales. 5.20 Crossroads. 6.00 Scotland Todey. 6.20 Action Line. 6.20 Weir's Way. 10.35 Late Call. 10:40 Scotsport Special. 11.15 East 103rd Street. TSW
1.26 pm TSW News Headlines. 2.45
Trapper John. E.15 Gus Hohaybun'a
Magic Birthdays. 5.20 Crossroads. 6.00
Today South West. 6.30 Scane South
West. 10.32 TSW Lata News. 11.50
Superstar Profile. 12.15 am Postscript.
12.20 South West Weather.

TVS 1.20 pm TVS News. 2.45 The Great Depression. 5.15 Radio. 5.30 Coast to Coast 8.00 Coast to Coast (con-

tinued). 11.50 Jazz and Blues: The Dave Brubeck Quartet in Concert. 12.20 am Company.

TYNE TEES
9.20 am The Good Word. 9.25 North
East News. 1.20 pm North East News.
1.25 Where the Jobs Are. 2.45 The
Love Boat. 5.15 Private Benjamin.
6.00 North East News. 6.02 Crossroads.
6.25 Northern Life. 10.30 North East
News. 11.50 A Look at Bellringing.

ULSTER
1.20 pm Lunchume. 2.45 The Great
Depression. 4.13 Ulster News, 5.15
Radio. 5.30 Good Evening Ulster, 6.00
Good Evening Ulster. 10.28 Ulster
Weather, 11.50 News at Bedtime,

YORKSHIRE 1.20 pm Calendar Naws. 2.45 Trapper John. 5.15 Private Benjamin. 6.00 Calendar (Emtey Moor and Belmont editions). 11.50 The Jazz Saries: With The Ronnie Scott Quartet and the John Dankworth Quintet.

RADIO 1

RADIO 2
5.00 am Ray Moore (\$). 7.30 Terry Wegan (\$), 10.08 Jimmy Young (\$), 12.02 pm Cricket Desk. 12.03 Gloria Hunnilord (\$). 2.00 Ed Stewart (\$). 4.00 David Hamilton (\$), 5.45 News; Sport. 6.00 John Dunn (\$). 8.00 Alan Delt with Dence Band Days. 8.30 The King's Collection (\$), 9.00 The Folk Entertainers (\$), 9.30 Sounds of the Sun (\$), 9.55 Sports Desk. 10.00

RADIO

5.00 am As Radio 2. 7.00 Mike says Charlie Chester. 11.00 Brian Read. 9.00 Simon Bates. 11.30 Dave Lee Travis. 2.00 pm Paul Burnett. 3.30 Truckers' Hour (S). 2.00-5.00 You and the Night and the Music (S). Radio 1. Mailbag. 8.00 David Jensen. 10.00-12.00 John Paul (S).

RADIO 3
6.56 am Wasther. 7.00 News. 7,05
Your Midweek Choice (S). 8.00 News.
8.05 Your Midweek Choice (continued)
(S). 9.00 News. 9.05 This Week's Composer: Dworsk (S). 10.05 Spenish Songs
(S). 10.35 Lute Recital (S). 11.15
Enesco: Chamber music recital (S).
11.55 Northem Sintonia of England (S).
1.00 pm News. 1.05 Concert Hall (S).
2.00 Music Weekly (S). 2.50 Jazzmen
Talking: Sonny Rollins in conversation
with Charles Fox (S). 4.00 Choral
Evensong (S). 4.55 News. 5.00 Mainly

for Pleasure (S). 7.00 S.S.S. Structures.
Systems. Signs. 8.00 Eigar: "The
Apostles." from the Royal Featrval Hell,
London (pert 1) (S). 9.06 Six Continents (S). 9.25 Eigar: "The Apostles"
(part 2) (S). 10.38 Philip Cennon:
Logos (S). 11.00 News. 11.05-11.15
Hubert Parry (S).
MEDIUM WAVE as VHF except as
follows: 7.20.11.20 am Cricket: Test
Match Special, Sri Lanka v. England. RADIO 4

6.00 am News Ertefing. 6.10 Ferming
Today. 6.25 Shipping Forecast. 8.30
Today, 8.35 Yesterday in Parliament.
9.00 News. 9.05 Midweek: Henry Kelly
(3). 10.00 News. 10.02 Gardoners'

Question Time. 19.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.06 Baker's Dozen. 12.00 News. 12.02 pm You and Yours. 12.27 Around the World in 25 Years (\$). 12.55 Weather: programmo news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Women's Hour. 3.00 News. 3.02 Afternoon Theatre. 3.50 Zoo Talk. 4.00 Bayond the Threshold. 4.45 Story Time. 5.00 PM: News Magazino. 5.50 Shipping Forecast. 5.55 Weather: programmo news. 6.00 News including Finengal Report. 6.30 My World 7.00 News. 7.05 The Archers. 7.20 Checkpoint. 7.45 A Musical Evening with Thomas Allen. 8.45 Fils on 4. 9.30 Kalondoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Quote. Unquete (\$). 11.00 A Book at Baddime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

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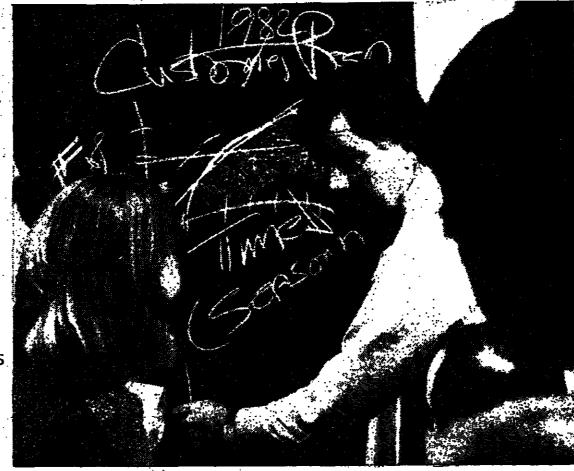
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TER

MEMBER FD

The birth of a new generation

David Fishlock describes how GEC's turbine generator division developed products to capture overseas markets

IMAGINE a laser-beam, guided by computer, slicing through thick stainless steel sheet to cut out an accurate aerofoil slot several inches long in a matter of seconds. Then picture robots work inside a big vacuum chamber, picking up wing-like steel sections and welding them into the slots with electron

It could almost be the technology of silicon chips. But in fact it is part of the manufacturing cycle for the biggest machines being made in Britain. This is the way a key part of a be made by the mid-1980s, forecasts Bob Davidson. He is spending £5m to perfect his beam technology, in the belief that it can halve both the time and cost of making this component.

As managing director of GEC Turbine Generators, Bob David-son's plan is that beam technology will take its place on a production line which already several . advanced machining centres costing up-wards of £1m apiece, and which has sharply cut the time it takes to make a turbogenerator (see inset).

This kind of investment in advanced manufacturing tech-nology is taking place at all four of the GEC factories involved in making steam turbo-generators. Since 1970, when GEC reorganised its acquisitions following the mergers with English Electric and AEI, GEC Turbine Generators has invested over £60m in factories at Rugby (high- and intermediate-pressure turbines), Trafford Park (LP turbines), Stafford (generators) and Larne (feedwater plant and large steel fabrications). Currently its manufacturing investment programme is running at £14m a year, backed by another £2m a year for training.

According to Doug Edwards. general works manager at Trafford Park, we're now beginning to see some of the benefits of the computer revolution."

At the heart of this change is a new product, developed in the early 1970s. GEC had abandoned the turbo-generator business in the 1960s, only to



How Trafford Park cut production time

machining centre investments is in a carefully isolated, and critical stage of the manufacturing eyele for low-pressure (LP) turbines.

Hence the purchase of an Innocenti FAB 182 machining centre early in 1979, at a cost of £1.3m, reduced the machining cycle of the cast steel turbine frame by 60 per cent, and cut five months from the total time in works for the LP turbine, to 37 months. Then the purchase of an Asquith 16/60 machining centre in late-1979, at a cost of film, reduced the machining time for turbine

faced with a need to reconcile two different styles of engineer-

ing at a time when it was be-

ginning to dawn that the boom

years of turbo-generator busi-ness in Britain were over.

Never again, GEC concluded

would the home market provide enough business to sustain a

Therefore it had to find a new

product acceptable to both

export and home markets or

get out of the business once more, Bob Davidson says,

From the Central Electricity

Generating Board it recruited a top designer, Dr David Kalderon, formerly from GEC's

Erith. Kalderon abandoned past industry practice of trying to meet each customer's indivi-

dual requirements with virtually

a unique machine each time.

design which envisaged the

turbo-generator as a small

number of matching modules

from which a complete machine of the required performance

could be assembled-Meccano-

like-to the customer's specific-

Driving this project all the time was the need to improve

the quality and reliability of

the most powerful of all rotating machines, where a

objectives from the outset were

the need to improve produc-tivity in GEC factories, and to

reduce the four years it was

Within the cylinders. Kal-

He aimed for a standardised

turbo-generator

Mistake

cut another three months from the time in works, to 34

The next big investment is to commission a Pegard Preciram 4 horizontal borer from Belgium early next year, at a cost of \$1.2m. This is expected to reduce the machining time of the LP inner cylinder by 50 per cent, and cut another two months from the time in works, to 32 months. Later next year an Innocenti-GEC numerical control centre lathe will be commissioned, costing £1.4m, expected to reduce the machining time of the 168-

and design effort on blades. Of

the 10 per cent losses normal

in the generator, four-fifths

arise in the rotating blades.

the manufacturer's reputation."

Should it occur in one of the biggest LP blades, weighing over 50 kg, the physical damage

Again he found a modular solution. The modules this time

are standard aerofoil sections

through the blades, which the designer can blend into a

smoothly profiled blade up to

10 inches long, capable of meet-

ing all his requirements but those of the biggest of the LP

blades. In this way he built

What is more, all these blades

profiles can be sculpted on the same machines in one cou-

But the biggest LP blades

Kalderon's designers came up

with a vastly stronger blade

more of the power of the steam

tinuous operation.

can also be imme

find itself deep in again deron focused a big research through its acquisitions. It was and design effort on blades. Of

tonne LP rotor by 60 per cent, and cut another two months from the time in works, to

Thus Bob Davidson forecasts that, between the com-missioning of the LP turbines for Heysham this year and commissioning of the LP tur-bines for Hong Kong's Castle Peak B power station in 1986, he will have cut the time in works of this portion of the turbo-generator from 42 to 30 months. And if the beam technology works as planned for fabricating LP diaphragms—the stationary blades—he expects to save another four months on deliveries for the

cylinders. Designs as big as 500 Mw need only one of the new LP cylinders, dramatically reducing the length of the

Statistically speaking, there is still insufficient evidence yet Over-riding all other con-siderations is the problem of vibration, impossible to avoid that GEC's modular approach to turbine design is a success. blades see is not a steady blast All Kalderon can say is that of steam but searing pulses of he has installed eight machines "fluid," initially with one-third of the new design, totalling "nuid," initially with one-third of the new design, totalling the density of water. Vibration 4,500 Mw, since 1979 and has can cause creep—stretching—at the high pressure end of the claims that the new design has turbine, or brittle fracture at shown itself to be "very reliable the low pressure (LP) end. As Kalderon sees it, "any failure scheduled breakdowns have cost of blades is very damaging to the customer, on average, less the manufacturer's representation." than I per cent of its power. Still more to the point, since blading is a big part of total manufacturing costs, the stan-dardised blades have allowed

GEC to tool up with standard, highly productive machines for shaping them. Manufacture of blades is concentrated at is concentrated at Rugby, backed by a £2.5m and development effort continuously to improve blade performance, shared be-tween Rugby and Trafford

Spiral

up two families of blades "which we think are as good as the best of our competitors." Kalderon, who doubles as engineering director, says the £730m taken in the current company to start a "benevolent are forecast at £272m. Yet not spiral" of diminishing lead for eight years has Davidson times and diminishing factory received an order from CEGB, were not forgotten. These do a lot of the work, under aerodynamic conditions quite production and site erection formerly the mainstay of the single blade in the high-pressure turbine may be generating different from the smaller ones.

300 kw. "Every mistake we make is very severely punished."

Kalderon says. But other major approaching twice the speed of them, spinning with a tip speed of them, spinning with a tip speed of them. costs. More specifically, the British turbo-generator business, extra strong blading has en- he observes wryly. abled the company to remain Executives make no attempt internationally competitive in a to disguise the fact that they abled the company to remain market with 13 major manu- want still more business. Cursound, each exerting a pull of 270 tonnes, on the rotor. facturers active in the export rently the company is running market.

> for this stage, so that much Stafford, where GEC has con- 5,000Mw. more of the power of the steam centrated its generator division. take much more additional in is being extracted in the LP The generator, spun by the vestment to move to 6,000Mw."

steam turbine at 3,000 or 3,600 rev/min, produces the electricity but accounts for only about 10-15 per cent of total cost. GEC has standardised on the former AEI design, with refinements drawn from the English Electric design. Generator and turbine come together for the first time at site but the engineering, as they say at Stafford, "comes out of

the same computer."

No other generator manufacturer in the world, it claims, is assembling these monstrous machines in clean manufacturing conditions of the kind it is installing. Components such as rotors, weighing up to 175 tonnes, glide on air cushions from station to station. There are five clean bays for assembling stators (stationary windings) under bright lights, air-conditioned and painted in gleaming yellows and reds. The logic is that a particle of metal no bigger than a pinhead may cost £10 to keep out of the windings but can cost £50,000 to find and repair when sealed in and being agitated by the spin-

In the opinion of Bob Davidson, the new turbo-generator design has been the great unifying factor in welding three companies and four factories into one team with a single objective. "People want to identify with success."

ning magnetic fields.

The first export order for the new design was obtained in 1975, for four 600Mw machines scheduled breakdowns have cost for Duvha, a coal-fired station the customer, on average, less in South Africa. The first than I per cent of its power. entered service in 1979. The tally today is 36 machines ordered of the new design, of which eight have been commissioned. In all, GEC has taken 11,300Mw of export business since 1975.

By comparison, NEI, Britain's other manufacturer of turbowhich delivered 5,800Mw of export orders in the mid-1970s, has taken only 1,600Mw of export orders in

A decade ago, 85 per cent of GEC's business was coming from British electricity companies. Today, 91 per cent is from over-Kalderon, who doubles as seas. The order book totals assistant managing director and £1.28bn, including orders worth modular design has enabled the financial year. Sales this year

at half the capacity they believe Another high-technology part they could meet, less than of the machine is made at 3,000Mw a year, compared with



(L-r) Jim Cronin, Bob Davidson and David Kalderon: their major objective was to reduce the four years

Davidson says
Viewed internationally, the
turbo-generator business, though well down on the mid-1970s, is still busk, with orders for some

90,000 Mw placed over the last four years (outside the Comecon countries). But both the U.S.—with little domestic demand since the early 1970s-and Japanese manufacturers became major international competitors

In the present international market the company cannot afford to rest its case on the

performance of the product seems to be rooted in the profitalone. Too often the factor for machines costing up to £60m apiece is the financial package, says Jim Cronin, financial director and assistant MD. Often he travels with the sales director, ready to exploit on the spot the considerable cor-porate financial muscle of GEC

currency in which power station contracts stretching up to eight to ten years ahead are nego-This freedom for manoeuvre

Itself, in such matters as the

ability of the turbine generator company, which executives hint is of the order of 10 per cent of sales (pre tax). Davidson estimates that, over

the last four years, GEC Tur-bine Generators has won 11 per cent of a world export market for 103,400 Mw. Only Mitsu-bishi secured more megawatts, he claims. In the mid-1970s the company ranked eight in Think-Tank report on the UK power plant industry with only an estimated 5.1 per cent.

BOARDROOM BALLADS

CRYSTAL BALLS

When we come to review What the managers do Which explains their superior rating, We are told it is due. And their salaries too. To the size of decisions they're making.

And "we won't" or "we will "s A particular skill, In the managers mainly residing, Which the rest of the guys In the management's eyes Cannot match when it comes to deciding

Which accounts for the flair, And the infinite care, The meticulous search for precision, Which he doily deploys Of the art of the business decision.

But the possible shock Of his head on the block, And a nasty response in The City, May explain why he's prone Not to go it alone

Till it's nicely diffused in

So some time may elapse In the future, perhaps
Till he rises above his defences And, unthreatened by blame, Can quite openly claim
The applause for its best consequences.

So with so much at stake On decisions they make, It has entered their corporate noddles, That the learned professors Might lessen the stresses By recourse to computerised models.

Since professors are prone, As is commonly known, To respond to the hopes of their clients, They dispense as equations Bizarre dininations Disguised as a forecasting science.

But decisions, my friend, Are a means not an end And it's "how" more than "what" that may

And the wise are, as ever, More use than the clever

Since there's more to decisions than data.

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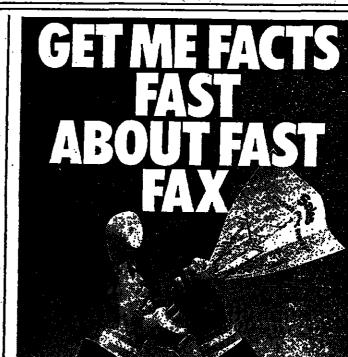
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THE ARTS

Television

STOPHER LOR

Doubts about reality by CHRIS DUNKLEY

about the investigation of a mentalising the dignity of the garage robbery BBCl's Police worker. But then Grierson passed the half-way mark Des once defined documentary (and pite the distraction of its having as I now realise, misnotoriety the series really is one quoted the phrase on this page of the most interesting on tele- twice before I offer the authentic vision and it has already gone version after acquiring a considerable way towards secondhand copy of "Grierson accomplishing what I take to On Documentary" as "the be its purpose to show the creative treatment of actuality" Reading police routine as it really is, and to stand in juxtaposition to The Sweeney and The Genile Touch in the way that (say) Maybew's London does to Trollope's novels de-mystifying and de-glamorising the image gained by the public from the fictional entertain-

If not the most compelling of current television series (that title goes to Muck and Brass) Police is certainly not something I would want to miss. But after seven episodes I am convinced that it suffers from a serious, indeed a fundamental,

Ten years ago I thought that oger Graef and Charles Stewart (hereafter G and S) with their fly-on-the-wall filming techniques and their purist presentation (fades-to-black, captions announcing the passage of time) and above all their declared determination never to be caught interposing themselves between subject and viewer, stood at the very apex of documentary film making. The programmes in The Space Between Words with their insights into group communica-tion and lack of it were impressive and even seminal.

They were also clearly in a line of tradition, or perhaps more accurately a line of philosophy in that it has been the aim which has remained constant while the techniques have varied, sometimes wildly. Very broadly the aim of the documentary maker has always been to use film as a Journalistic tool of an entertainment

All sorts of different ways have been tried. In his clearly political approach John Grierson, a pivotal character in the history of the documentary, could be accused of deliberately over emphasising the supposed

creative treatment of actuality " -my italies

At the very start of the tradition there were documentary makers who were willing to carry that "creativity" up to and beyond the point of using professional actors. In television today we have another such group, represented at its best by Leslie Woodhead who in his Drama-Documentary Unit at Granada has developed the as developed the use of actors and scripts to recreate as accurately as possible events. Which are normally denied to our sight behind the iron curtain. Last year he used this method to document the destruction of the Czech Spring in Invasion and the birth of Solidarity in Strike. One of the hallmarks of Woodhead's work is the explanation he offers the viewer of his sources. his methods and his assump tions before he begins.

Right on the other side of the spectrum is a school of documentary filming which has always saved its deepest rever-ence for raw data. It could be argued that these film makers are a small sub-section of a much larger movement which began with men such as Mayhew. He was passionately concerned with the recording of mundane detail and obsess with the counting of heads, activities which were later to preoccupy Mass Observation (closely involved with the documentary movement) and which can now be seen running riot throughout the top-heavy world of sociology.

Here the aim is not interpretation, but the collection and delivery of data "untouched" as it were. Ten years ago, in contrast to the doubtful manipulation then going on in so many other traditional docu-mentaries, that technique as it was used by G. and S. looked pure and honest. Now, after a planatory introduction.



The Police

decade of argument over which documentary method is more truthful, which more misleading, it looks nowhere near as simple. If we have learned anything about documentary in the seventies it is that there is no such thing as a more or less trustworthy method — only more or less trustworthy pro-

Having followed their work

fairly closely I believe G and S are more than usually honourable, but for the casual viewer or any newcomer there is no instant litmus test for the trustworthiness of programme makers any more than there is for print journalists. The viewer must learn to discriminate by trial, error, experience and comparison. Occasionally, however, there is internal evidence, the simplest form of which can — and I believe should -- be deliberately supplied by the producer, in some such form as Woodhead's ex-

promotion that Police has been crew's own presence. given — not just the highly effective publicity, but its peak ted that what we are allowed an explanation and audience

hooker. Elsewhere. features and studio discussion, G & S may well be disclaiming any suggestion the Police gives a definitive or fully comprehensive picture of Britain's many independent regional police reality. There's no faking here, only a carefully selected fraction — anything from a tenth to a fiftieth — of what G & S ave chosen to shoot?
The other internal evidence

almost all disappears in this mammoth editing process (we don't even know whether events are chronological) but occasionally scraps stay in. In pro-gramme 1 for instance, the interview with the besieged man sounded suspiciously like a worried attempt by the police to justify what had clearly been a vast over-reaction attempt which would surely never have been made but for the camera. Suddenly one realised that these programmes are telling us what happens in a police station

when a film crew is present. Then, after thinking through-out the rape programme "Well, whether or not this is what it usually sounds like at least you can be sure this is what it looks like" the camera drew back for a rare shot including the sound technician with headphones, tape recorder,

The argument most fre unbilical cord, mike and so on quently raised against this is and the sudden realisation that it is an audience loser, and struck that what the camera when you consider the sort of pepetually excludes is the

In the end it must be admit-

time slot on the BBC's more to see is a highly selective view popular channel — you can of the routine in one police understand the fears. Yet bright station; short of slinging elecproducers such as G and S tronic cameras from the ceiling ought, surely, to be able to of every room and going live manage a quick introduction to the nation's television screens which is neither solemn nor in real time for a week it canboring but on the contrary both not be anything else. Editing, selection and rejection, in short a subjective impression from the producers, is unavoidable. But the longer the series goes on, the clearer it becomes that the most fundamental drawback is self-imposed. To take a crew into a police station with a number of pieces forces. But most viewers of the of film and sound recording series won't know that. They equipment and to stay there will see the programmes them for month after month observselves and what these clearly ing everything, then to come seem to be saying is "This is out and attempt to convey to the public the gist of what occurred by using just scraps no manipulation, just the truth, the whole truth, and nothing but the truth." But how can that possibly be so when the pictures on screen represent minimum and the minimum an adaptable and sensitive humans, sounds like a perverse form of charades: the communicator allows himself to do everything but actually talk.

The essential job of the jour-nalist — elucidation and synthesis — is sidestepped. I have a powerful suspicion that two lines of commentary in the rape episode explaining the familiarity of the Reading police with the alleged victim -a familiarity which I suspect was known to the woman, the perice and the film crew and Does this mean that The Space Between Words would ing Dostoevsky, Chekhov et al also have been better with com- as myth-haloed waxworks sitmentary? Perhaps so, but I believe there is a crucial differ-ence between the two series: Hungary too has its occasional Words was obviously concerned with the particular, whereas Police (even if G and S see it as limited to the particular)



Films from the East

by NIGEL ANDREWS

The yearly harvesting and displaying of Hungary's new feature films subjects visiting critics to marathon eye-and-ear duty, uncasing 24 movies in four days. Hungary is almost certainly the only Eastern bloc country today who could produce that quota of watchable movies. Czechoslovakia used to run its neighbours close in pre-1968 times, but proffers thinner fare today. Poland has suffered a grim and indefinite setback. And Russia herself, though prolific makes up the bulk of her output by supplementing Public — would have radically stultifying period films, Soviet altered the entire programme.

Does this mean than mean the many supplementing her few masterpieces with stultifying period films, Soviet soap-operas, and speak means than mean the many supplementing her few masterpieces with soap-operas, and speak means than means the mean than means the mean than means the means that means the mean ting at Parnassian writing-

> cinematic grooves, and the latest of these is a rooted timeentrapment in the post-war Stalinist years. Pal Gabor's Angi Vera popularised the retro-surgical trend for excavat-

ing, like cancers, the propa-

gandism and Party despotism fled in 1956, their deserted of those times. But one is mother remains haughty, bleak tempted to cry, "Physician, heal thy present self!" as films like human centre. But its heat Day Before Yesterday, by Peter Baeso, Requiem, by Zoltan Fabri, and Gabor's new Wasted Lives unspooled this year in dense succession, harping on the trauma epoch of the late

1940s, early 1950s.

The best of these is Bacso's, which is about love among the rubricks of early Soviet-bloc dogmatism, and how political arm-twisting and weathering. withering years of compromise force a girl to betray two successive boyfriend - beloveds. Bacso made the long-banned satire on Stalinist times The Witness (1969), which surfaced to huzzas in Cannes last year and will soon reach London. The Day before Yesterday has a windy-ish plot, but there is much bite and bile and colour

along the way.

Fabri's Requiem is a celluloid cadaver, winding-sheeted in silly and interminable dialogue scenes and memorywhich unaccountably picked as the official Hungarian entry by the ever-more-aberrant Berlin Film Festival. More about that, or possibly less, anon. Gabor's newest opus is several megawatts dimmer than his Angi Vera; chiefly because Poland's Jan Nowicki — an aging and ubiquitous romantic lead in both countries moves woodenly through the puta-tively soul-baring role of a rebel building-engineer who

falls out of Party favour and in strutting of a punky group love with a young activist. Peter Gothar's Time Stood sound. Still is by far the best of the trinary, starting with a black-

film to 1963 and ending with a postlude in 1967. Gothar has perhaps seen Fassbinder's films—or perhaps he hasn't — but this chronicle of squalorous, infernal school- their parent's separation and days has a stylised Hellishness child-proof self-preoccupation. that is riveting. Gothar pounds Jakab (age 11) bounces from smoke into the background of petty crime to remand home to his scenes to diffuse light and flight while Nyako keeps trying to lend mystery-and-menace. It whorls above rain-slecked feathered wings, streets, it fogs bars and dance. It's a funny, halls, it steals like a miasma over Hungary's post-war young. Two brothers trying to joust

human centre. But its heat and heartbeat are as much in the surrounding throng of brilliantly credible grotesques, Pornographic photos chance sweaty hands in the school cerridor; a stom new lady teacher introduces berself with name is Piglace; I'm 58 kiles, married;" deceas of flight-to-America pop up through the schooldays Weltanschaung and the strangling smoke; Elvis Presley throbs on the soundtrack as the kids stage a vandalising raid on the school: the dark blue light of a hespital

sexy seduction scene. Time Stood Still is the most startling Hungarian film—both visually and viscerally—since the early revelations of Miklos Janeso. It was also the only Hungarian film of this year to span both the polar worlds in the year's selection. It encompasses Stalin-era anxiety but it also foreshadows the rebellious. youth-centred, Rock'n'Roll-rocked Hungary that erupted in

stairway at night rinses a rancid-

films like Concert, Bald Dog Rock and Mascot. The first two are band-on-the-run docu-dramas; Concert sketching for us the rise and fall of a top 1960s Hungarian pop group called "Illes" (the country's first rock stars to sing in their mother-tongue and to have a record banned for controversial lyrics), Bald Dog Rock follo

startlingly Western in style and Janos Rosza's Mascot ran year's Hungarian films and is Peter Gothar's film a close set a telling decade-odd later. second as the Best of the Year. Indeed, its time-zoning is Like Rosza's London-seen Sunday Daughters, it's a raptly and-white prelude in 1956, humanist and engrossing study jumping for the body of the of teenage "delinquency." Julianna Nyako-the earlier film's star-and Zoltan Jakab play the all-but-orphaned brother-sister soulmates tossed about in a sea of anomie by

to take him under her own frail-It's a funny, sad, nimblefooted film that has the pluck Truffaut might have made it-back in the years before while straining with the mill- Truffaut lost his own nimble-

Elizabeth Hall

Yury Egorov

Measured by those standards, the dance rhythms that Chopin Monday's recital was a con-subtilised into its compound siderable disappointment. The came suddenly through; in Elizabeth Hall, only half filled, . no. 9, in F minor, also, sung is never a place to be counted with a quality of passionate, upon for the reliably attractive poetic waywardness; the arpegpresentation of any instrument; in addition, it seemed a particularly dull-toned instrument on which Mr Egorov had been invited to perform. But when these allowances have been made, there was a kind of colourlessness, a duliness of response, in the Chopin Studies Op. 10 that filled the first half, and even more in the Debussy Preludes (Vol. 2) that filled the second, that one was forced to ascribe to the player himself.

It was the spirit of the playing that seemed dulled and discoloured; for its purely physical manifestation showed, as exaccurate passagework in the phrased lyricism in the slow. Yet the properly balanced relagiated E flat, no. 11, was floated and sustained with excellent control. Too often, for the rest, the scale of the performances seemed domestic in the wrong way, and dramatic projection tended to go by default.

If Mr Egorov's Chopin left an oddly damped-down impres sion, his Debussy seemed simply unidiomatic. Again, a failure of dramatic intuition and projection became crucial evoking the ironic portentous-ness of General Lavine and S. Pickwick Esq—these were delivered entirely at face value, with no resource of wit or pected, prodigious capabilities, nuance brought into action. The There was a bounty of fleet, extraordinary facility and tonal extraordinary facility and tonal control that Mr Egorov comfast studies, much limpidly mands came to seem abstract virtues,

MAX LOPPERT

Endellion Quartet

In the short time that the tionship between intimacy and young Russian pianist has made dramatic tension, which can himself known to British audiences, it has become clear inimitable glow of vivacity, was tissimo peaks are well scaled. never too high for comfort in those close quarters, and at middling dynamic levels the quality is a delight to the ear.

programme were confidently planned, thoughtfully modelled, with enough intimations of stress and challenge to keep musical argument alive. Their Beethoven—the 2nd 'Rasoumovsky"-made notably much of the recurrent syncopated tetto Intimo, a brilliant late chord passages, suggesting con-work of that now-obscure comtinual anxious pressures behind the music.

out pulling it out of shape tively; the Finale was a paring neither inconsequent nor outer movements might serve. frantic. Some earlier passages

that his talent demands measuronly fitfully struck. In no. 8, now, the Endellion sound is too), and a steadier collective ing by the highest standards. in F, most surely: a sense of ideally gauged to that hall: for pulse in slow, sustained music. The Endellion leader doesn't

always allow himself the touch of flamboyance that is his due: there are, after all, points where quartet's even voiced lyrical the music counts upon the first quality is a delight to the ear. violin to come in like the All the works in Monday's returning voice of authority. These are marginal reservations -the Quartet already stands out among the latest generation of British ensembles.

In the afternoon, Radio 3 had broadcast the new Endellion re-cording of John Foulds' Quarposer, splendidly played. Foulds' he music. much earlier Aquarelles for A similar feeling informed quartet occupied a modest place the Schubert Quartettsatz, with- in the Purcell Room recital. This little set consists of two pleathough the beginning and end sant Edwardian exercises on folk fairly buzzed. The balanced songs and between them a episodes of Rayel's Quartet were Blake-inspired lament containset out with idiomatic smooth- ing some experimental herness, but coloured imagina- monies, thumpingly unsubtle. If string quartets were in the ticular success, for once seem- habit of playing encores, the

Hammersmith Odeon

is seen by the public quite

predictably as an illustration of

the general.

Alice Cooper

by ANTONY THORNCROFT

Wrestling on stage with a boa constrictor; whipping a girl in black underwear; castrating a guitarist with a sword point — over a rag doll who, at the it must (yawn, yawn) be Alice climax, turned into a woman Cooper. The originator of rock and stretched up to strangle theatre, the epitome of bad him), followed by "No more taste, is back after five years, years in which shock and out- least, a change to hear a crowd rage have become the short roaring in approval as Alice change of television and the won a battle of the whips with everyday story of urban life.

audience willing the skinny 34-year-old with the Samurai top knot, red codpiece, bared chest, and black-eyed cosmetics to do horrible things. "Come on Alice, come on, son," constantly encouraged the man behind me in a persistent un-dertone for all the world like a manager egging on a flagging boxer. And Alice Coope managed a very good show. Cooper

The actual theatricals may have lost their impact, although a crutch and end it feeding a struction. large snake to the audience, but Alice Cooper has the consider- will provide some 30,000 square at the present and the future able advantage of some strong metres of usable space for essen-DAVID MURRAY material. He concentrated on tial book storage

the corsetted blonde: no femi-Even so, there was a large nists here. Now he offers no threat you can relax and enjoy an interesting singer of strident material performed in popular fantasies by a decent band.

Mr Nice Guy." And it was, at

Work to begin on new British Library

Work on the new British Library building is expected to begin in March. A contract worth £5,223m for work on the first stage of the new building When completed this stage

stone of the past (their father footedness.

there are still few singers who in Euston Road, London, has even into the classroom. It's to leap between narrative essenbegin a number clowning with been placed with Lilley Con- as if the reek of battle hangs tials and let the audience fill even into the classroom. It's to leap between narrative essenin the transition for themselves.

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25 It is saloon-like but useless

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DOWN.

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3 Near-quinquagenarian Call-

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FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY Telegrams: Finantimo, London PS4. Telex: 8954871 Telephone: 01-248 8000

Wednesday February 17 1982

A formula for productivity

YESTERDAY'S court of inquiry would be tolerable if a major report on Aslef's dispute, will, it must be hoped, lead to a new era of improved productivity on the railways as well as an end to the recent strikes. Both sides in the dispute have had a chance in recent weeks publicly to air their genuinely held grievances. Now they should work together to reverse the efficiency and ailing finances of their industry. Neither the railways nor the country afford any more delays in the introduction firstly of the flexible rostering arrangements which Aslef has been resisting. and secondly the rest of British Rail's productivity programme.

Two issues

Lord McCarthy and his two sidemen on the court of inquiry had a difficult task in preparing their report, not least because Aslef refused to attend the hearings. The main issue turned on whether a 3 per cent pay rise and a commitment to productivity agreed at the same time last August were inter-dependent and conditional on each other. British Rail was prepared to pay the money but was determined that it would only do so when Aslef withdrew its opposition to work rostering arrangements accepted by the two other rail unions. Aslef said the two were not connected and struck for the 3 per cent. Yesterday's report neatly bridged the gap, but tilted more than one might have expected in Aslef's favour. It said the two issues were not conditional on each other and it condemned British Rail for its unilateral action in withholding the 3 per cent more than it did Aslef for striking. Having thus soothed Aslef's prejudices, the report

they would not have been signed without each other." The report sets out a timetable which must now be speedily implemented. This involves, first, the payment of the 3 per cent, and then the processing of the productivity issues through the railways labour porters for its opposition to relations machinery by the productivity changes. Conmiddle of next month. That would lead to yet another period of delay in introducing the productivity improvements, but

then went on to say categoric-

ally that "the two agreements

are obviously related in that

advance is then achieved. It is possible to sympathise with a proud craft union like Aslef which finds itself being swept up by technological change and the need for increased efficiency. But the taxpayer and the railway traveller must be considered, too, as must the rest of the railway industry which seems at this stage far more willing than Aslef to accept change.

Much weaker

The price for the blood-letting of the past few weeks has been considerable, not least for the industry itself which is in a much weaker financial position than it need have been because of the business it has lost. Current losses due to the strikes alone total some £85m and another £80m could be lost during the coming year because of freight business that will not That is not the best starting point for an industry which wants major investment projects for electrification and rolling stock replacement approved by the Government.

British Rail must share some of the blame. With hindsight, the interpretation of last August's conciliation agree ment was not the strongest of platforms on which to take on Aslef. Arguably Sir Peter Parker, as the industry's chairman, also ought to have done more to sell the productivity improvements, and the rostering issue in particular, to the

train drivers. But whatever the rights and wrongs of the dispute, it is now time for British Rail and Aslef quickly to agree how the productivity gains can be achieved. The Government should state publicly that the survival of the railway network and, more importantly, ministerial approval of electrification projects, depend on productivity being

Question

Aslef may have won its point in pure labour relations terms, but it has few if any supably raise the question of whether the UK needs a railway system at all.

The Canadian anachronism

THE REAL battle at West-minster about Canada's constitutional future begins today. The House of Commons takes the second reading of the Canada Bill sponsored by the Canadian Government, and the indications are that there may be vocal opposition, followed by guerrilla warfare at the committee stage.

The final outcome is hardly in doubt since both the Government and the Labour Party have accepted the principles of Ottawa's proposals. It is hard to make out a case for prolonging Westminster's prerogative to make hasic changes to the manner in which Canada is governed.

In practice Leadon more than a century ago ceased to interfere directly in Canadian affairs. But because in 1931, when the Statute of West-minster made Canada an independent dominion, Canadians could not agree on a formula for future changes to their constitution, they left the ultimate right of amend

ment with Parliament. the British Only last November could Mr Pierre Trudeau, the Canadian Prime Minister, marshal nine of the 10 Canadian provinces behind the Canada Bill now on the order book at Westminster, and behind an amending formula providing provincial participation in

future constitutional change. What Mr Trudeau did not do was to soothe the bitter objections of the Quebec Government of Mr Rene Levesque, or of the representatives of the 300,000 Indians in Canada. Both Mr Levesque and the Indians are afraid that the Bill diminishes their established rights and cuts across their ambitions for the

Difficult

taken to court. On November 28 the Court of Appeal in arrived at the conclusion that ter by bringing a succession of Indian rights are a Canadian, further cases at law. by the Law Lords.

scurvily by the white man. and wealth standards of other solve for Canada. The Canada Canadians. The Canada Bill Bill ought to go ahead.

guarantees but does not define their existing rights, leaving the way open for many a dispute. What, for instance, happens if one of the gigantic Canadian projects for energy development, which come under the responsibility of the respective provincial government, threatens to destroy the hunting grounds, guaranteed by treaty, of an Indian band? Quebec's case against the Canada Bill rests upon the argument that the province, as spokesman for French Canadians, has a constitutional right of veto in Canada which, Quebec says, was born of a compact between British and French Canadians. The denial of such a veto in the Bill caused an explosion of separatist feeling in Mr Levesque's Parti Quebecois.

He does seem to have brought the hotheads under control, ranging the party behind his own approach that sovereignty, and maybe ultimately indepen-dence, must come slowly and only in economic association with Canada and with the support of a majority of the electorate of the province. But the episode does point to the dangers inherent in Mr dangers inherent in Mr Trudeau's having gone ahead without Quebec's approval,

That is a political matter and should be his headache—not Westminster's. But there also is reason to suppose that Mr Trudeau would like the Canada Bill to go through quickly enough to forestall Quebec's case against it. The Quebec Court of Appeal is to hear the case on March 15, and it will probably go to the Supreme Court of Canada. If such really are Mr Trudeau's tactics, they

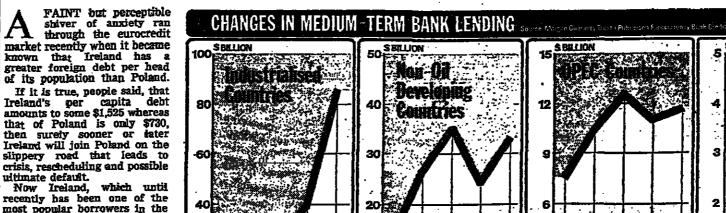
do smack of sharp practice. . Mr Trudeau, in another case already has the ruling of the Supreme Court of Canada that his proposals are lawful. His Their objections have been success with the constitution would look all the better if the pending legal cases were first settled. On the other hand, his London dismissed a case settled. On the other hand, his brought on behalf of Indian opponents would be unwise if associations. All three judges they tried to drag out the mat-

not a British, responsibility. Unless the Law Lords re-open That ruling may yet be tested the case of the Indians these are matters for Canadian courts. Indian rights are a difficult and, above all, between Canamatter, which has caused some dian politicians. The latterly breast beating in Canada. For more understanding official centuries Indians were treated attitude to the Indians is a good beginning. The Quebec prob-They live well below the health lem is not one that London can.

'We're torn between two worlds'

By Peter Montagnon, Euromarkets Correspondent

BANKS AND FOREIGN DEBT



most popular borrowers in the Euromarket, suddenly finds itself on the defensive. In fact Ireland's per capita GNP is far higher than that of

Poland, its per capita debt lower than that of Belgium and its foreign exchange reserves a healthy I£1.47on (£1.18on) (£1,186n) while Poland in its darkest hours has had virtually no reserves left at all. And most serious minded bankers are losing little sleep over Ireland. The point, they say, is not whether Ireland actually needs to reschedule—such a development is viewed as being most unlikely — but rather that

international banking. To put it bluntly the time now appears to be coming when commercial and central bankers alike feel that deficit countries national credit markets as their first port of call.

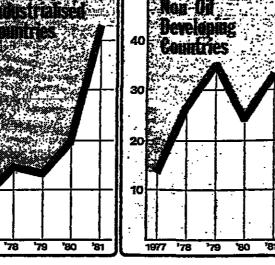
Not only will this throw an even greater burden on multiagencies such as the International Monetary Fund and World Bank; it also puts commercial banks in a terrible dilemma as they chase diminishing amount of credit business that is both safe and profitable.

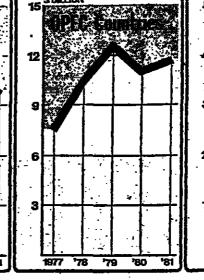
characterised the rapid development of international bank lending in the early and mid-1970s has all but evaporated. Poland's debt crisis—and this is a critical week for Polandhas given the system a rude shock. But equally disturbing, bankers say, is the growing list of countries that have proved unable to service their debt on time over the past two years. At latest count this list includes Zaire, Turkey, Togo, Sudan, Liberia, Madagascar, Nicaragua, Pakistan, Senegal Bolivia, Vietnam, Costa Rica and Romania as well as Poland.

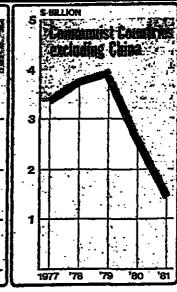
Many bankers also fear the

list is bound to grow as countries wrestle with the problems of high real interest rates, high oil prices, recession in world export markets, low commodity prices and, in some cases, political instability and economic mis-

As a result banks are now scrutinising sovereign credit risks more closely than ever before. Nowhere has their reluctance to do business with what are now perceived as bad risks become more conspicuous than in Eastern Europe.







banker, "could not raise a medium-term loan in today's market." Hungary used to be the most popular credit risk in reaction to its latest statistics the whole Eastern bloc, but highlights the new mood of now at least one major Swiss nervousness and caution that bank has dropped all dealings has enveloped the world of with it in the wake of the Polish and Romanian crises. For elmost a year there have

no major syndicated credits to any East European country, and Yugoslavia, which: will no longer be able auto- is implicated in the debt affairs matically to turn to the inter- of Comecon only by its geographical position, failed in its first attempt to raise a \$400m syndicated credit at the end of

real likelihood of a formal and Development (OECD).

default being declared against any of these countries East-West relations there must to reduce the need for foreign always be the possibility that finance—Brazil, which needs to such a default may be precipi- raise about \$14bn abroad this tated for "political" reasons. year, induced a serious indus-Certainly all Comecon countries trial slump in 1981. Mexico, face a bleak and austere future, whose gross foreign requirelargely because of the Polish ments are about \$20bn, is try-

In the developing world, which has total debts of some \$525bn, the caution is less obvious but still apparent. "Up till now I don't think anybody is suffering from not getting the money they need," says one banker specialising in Latin America, "but loans are selling with much more difficulty than before.

"There is a lot of short-term borrowing going on through brokers, the sort of thing which happens when countries can't borrow easily in the syndicated loan market."

In fact January figures from Morgan Guaranty Trust revealed the slowdown in the Morgan syndicated doan market in the

most dramatic way.

Not only was the monthly total of new publicised eurocredits—at \$5.1bn—the lowest since last May; developing countries also took a charge of only tries also took a share of only they had raised \$2.3bn and in January 1981 as much as \$3.1bn. There have been signs of a pick-up in the market since

"Even Hungary," says one these preliminary figures were compiled, but no one expects 1982 to be another record year in the syndicated credit market. breaching the total of \$133.2bn raised last year. About \$45bn of this was in any case raised by U.S. corporations in connnecthat hit Wall Street in the

middle of last summer. Some countries are clearly going to have to make do with less money from the market in. Lesser credit risks are likely to encounter increased resistance and demands upon official institutions for concessional credit are likely to grow,"

present tense climate of to curb economic growth so as

about 6.5 per cent from 8 per cent.

reasonable rating will also try to expand their borrowing into new markets such as the U.S. bankers acceptance market or the sterling acceptance credit market. Both these markets are traditionally domestically orientated and supplied by lenders whose main business is not usually international. Both saw a rapid expansion of foreign

business last year.

Alternatively they may have reluctantly to accept an increase in the margins they have to pay on syndicated loans in the hope of attracting old lenders or new ones.

Last year this problem was made easier by the sudden increase in lending by Arab banks. The Bahrain-based Arab Banking Corporation, for example, managed syndicated credits with a total value of \$16.12bn, almost four times its volume of 1980

THE REAL COST OF BORROWING DOLLARS

6-month Enrodollar Rate

Trading,

ing to trim its growth rate to Contracting and Investment Company participated in loans totalling \$6bn compared with only \$1.3bn in 1980,

Few bankers in the Gulf believe, however, that this sort of growth can be maintained in 1982. Arab banks are becoming increasingly selective in their wish to avoid the extremes of safe low margin business or risky high margin deals.

Japanese banks have also lent much more abroad over the past year, but the Ministry of Finance in Tokyo shows signs of becoming much fussier about the price and quality of credits in which banks under its control participate.

Nor will it be easy for developing countries to diversify their source of funds to other markets. Obvious alternatives such as the international bond markets and the commercial paper market in the U.S. require an impeccable credit rating. In the bond markets this has been all the more true since the debt crises of Poland and Costa Rica. Both of these countries have eurobonds outstanding.

"Debt finance by itself is not going to be able to take care of the current account imbalances likely to arise in the near future," says Mr C. M. J. Whittington, Head of the International Division of Morgan Grenfell.

He suggests that lenders should begin to consider promore equity finance credit," he adds. viding rather than straight loans. fer to retain majority control over their own projects and industries. But it would at least free them from the awful burden of debt repayment.

Mr Henry Wallich, a Gover-

debt capacity is not feasible. At 1977.

some point there must be a levelling off, so that the debtor economy and its debt burden grow at the same rate. For most countries. I fear, this transition is still ahead. The need to navigate it is one of the problems of our situation.

It is here that two main problems emerge for the lending banks. First, there is the identification and treatment of countries whose credit-worthiness is slipping to dangerous

This usually involves the negotiation of a rescheduling agreement, often involving the governments of industrialised countries as well as the negotiation of an economic programme with the International Monetary Fund.

Rescheduling allows for the orderly repayment of debt at a later stage once the borrower's economy has had a chance to recover. It is considered preferable to calling a formal default because it leaves open the possibility of eventual repayment. By contrast, in a full-scale default the debter may simply repudiate his debts.

The second problem is in many ways more tricky. It is that of identifying borrowers whose business is both profitable and also a safe risk. OPEC countries may no longer be fuelling the market with funds, but many banks complain that they are still awash with excess

"We're torn between two worlds," says one American banker. "We're terrified about Poland, and at the same time we're very liquid."

Many bankers believe that the upshsot will be an increasingly sharp divergence in the marketplace between the bestrated credits - such as Australian borrowers who are far removed from the political and economic upheavals of the rest of the world — and the worst risks in Eastern Europe and the weaker developing countries.

"Banks will certainly become less and less enamoured with a wide range of sovereign risks, but as they withdraw from that sector of the market, they will take a closer look at others,' says Mr Mark Devereil, Divisional General Manager of Bar-

clays Bank International.
"I think there could still be room for a fall in the profitability of lending to first class sovereign risks, and similarly to good corporate names. Unpalat-able though this may be to lenders, it is at least explicable in terms of the quality of

Gloomy though the outlook is. This would require a radical there are some crumbs of com-change of attitude among fort for the poorer countries. developing countries who prethere are some crumbs of comas India still find themselves able to borrow on the finest terms, which means a margin of less than 1 per cent over Euro-dollar rates.

More important still, Turkey, nor of the Federal Reserve after all the traumas of the last Board, by contrast is more confour years, is back in the Euro-cerned with the economic im-plications of a slowdown in 10-year credit for its national airline at a margin of 11 points "What one can say for cer- over Eurodollar rates. This is tain," he says, "is that a con- the first medium term loan it tinuous rise in debt relative to has been able to float since

Men & Matters

Notional pay

A rather different picture of the British worker than the shiftless study that usually appears in the public prints comes from Vauxhall Motors at

The company last year paid a record £139,748 in rewards to its employees for 1,895 costsaving ideas they had sugges-ted. Four workers — one in the shipping office, the others on the shop floor — earned maximum payments of £3,000 apiece for imaginative notions that saved the company money in such diverse areas as export insurance and number-plate mountings, Vauxhall first started putting

out the suggestion boxes back in 1942 and most of the first ideas it collected were concerned with improvements to the black-out and other air-raid precautions. But the scheme quickly blossomed and, backed by intensive internal promotion,

now yields an average of 27, ideas every working day from the 21,000 employees. "Every year, slightly less than a third of the proposals are adopted," the company "It is impossible to calculate how much the scheme

has saved us over the years

but it must run into millions."

Yale lock

They pride themselves on teaching sound business practice in the Ivy League halls of Harvard and Yale — but the Reagan administration would apparently prefer them not to practice what they preach.

Federal auditors monitoring the U.S. colleges' use of govern-ment grants and loans claim that they hold on to the millions of dollars disbursed by Washington for as long as possible to earn extra cash from the



first—the provocation or the retaliation?

The auditors estimate that colleges bank the money for about 10 days on average before shelling it out to its intended recipients. Since the grants are sent out from Washington as often as once a week, that adds up to a lot of interest at the current rates.

Yale, which received \$82m in grants last year, is said to have used it to make another \$535,000 on the side.

What especially irritates Washington is, that the colleges bank the money with the Federal Reserve which means the Government pays the interest and, in doing so, adds to the strains on the Federal

budget.
The colleges retort that they are only doing what any sensible ssman would in hanging on to the money for as long signature on an IOS bearer: as expediency and business certificate could be worth £7 or ethics allow. There would be £8, says Michael Vesseid, the

But rather than bite the hand that feeds them, it looks as if they will agree to pay out a

bit quicker in future. So much

Paper chase

for applied research.

You could be forgiven for mistaking scripophily for a board game marketed by Wadding-ton's, but in fact there is growing interest in collecting and dealing in antique company share certificates and government bonds, according to Richard Jackson, secretary of the 600-member Bond and Share Society.

A few years ago, stock markket punters saw Russian and Chinese bonds as attractive inrestments, and some burned their fingers. But in the past 18 months or so, the emphasis has switched to the intrinsic value of the often beautifully embossed certificates and the stories behind them.

Among the centrepieces of the society's international congress in London on March 7 will an 1812 share certificate of the Theatre Royal, Drury Lane, as well as an American Express certificate hand-signed by Henry Wells and William Fargo, co-founders of the com-

In 1979 a Chinese bond from the Deutsche Asiaticshe Bank— the 1898 gold loan £500 bond, of which only 12 were issued fetched £14,000 at Stanley Gibbons. The congress auction will be a more modest affair, with prices ranging from about 58 to £125. Certificates of companies that

have gone to the wall more Miami-recently are in demand. Rolls. I in Royce documents, especially if gold-rimmed and car-embellished, could fetch up to £100, wick to avoid the while Bernie Cornfeld's printed

criticism if they did not bank society's newsletter editor, Among the overseas bonds on offer at the congress will be an 1862 U.S. Confederate States certificate, marked Very Finethe society grades its items according to condition just like a stamp catalogue—which shows a certain "J. H. Reagan sur-rounded by three women." Perhaps even Ronald may find the £30 asking price too good

1980

1981

Flying pickets

Memo to Mrs T: good time for a coup. The leaders of Britain's labour movement are flying of today to Miami and will not be back until the weekend. The purpose of the launt, on which are included Moss Evans of the Transport Workers, David Basnett of the General and Municipal Workers, Frank Chapple of the Electricians and

unionists to tell their U.S. counterparts of their experience of living under monetarism. Previous meetings between the TUC and its U.S. counterpart, the AFL-CIO have proved fruitful. The AFL-CIO people are keen on the TUC's alterna-

Clive Jenkins of the white-collar ASTMS, is to allow the British

.tive economic policy, Getting to Florida is causing the TUC a little embarrassment, however. Chauffeur-driven cars can overcome the effects of the rail strike, but not the strike of ramp workers now afflicting British Airways at Heathrow. The workers, members of Moss Evans' TGWU, intend to step up their industrial action today to include pickets on the long haul flights of the kind their general secretary will be taking to

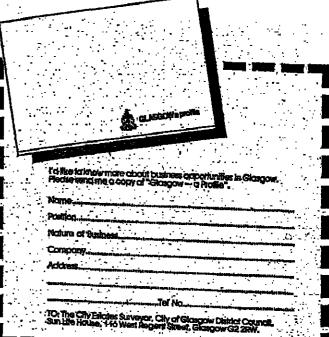
I understand the brothers will play it safe. They are will play it safe. They are departing discreetly from Gat-"flying"

Observer

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FINANCIAL TIMES SURVEY

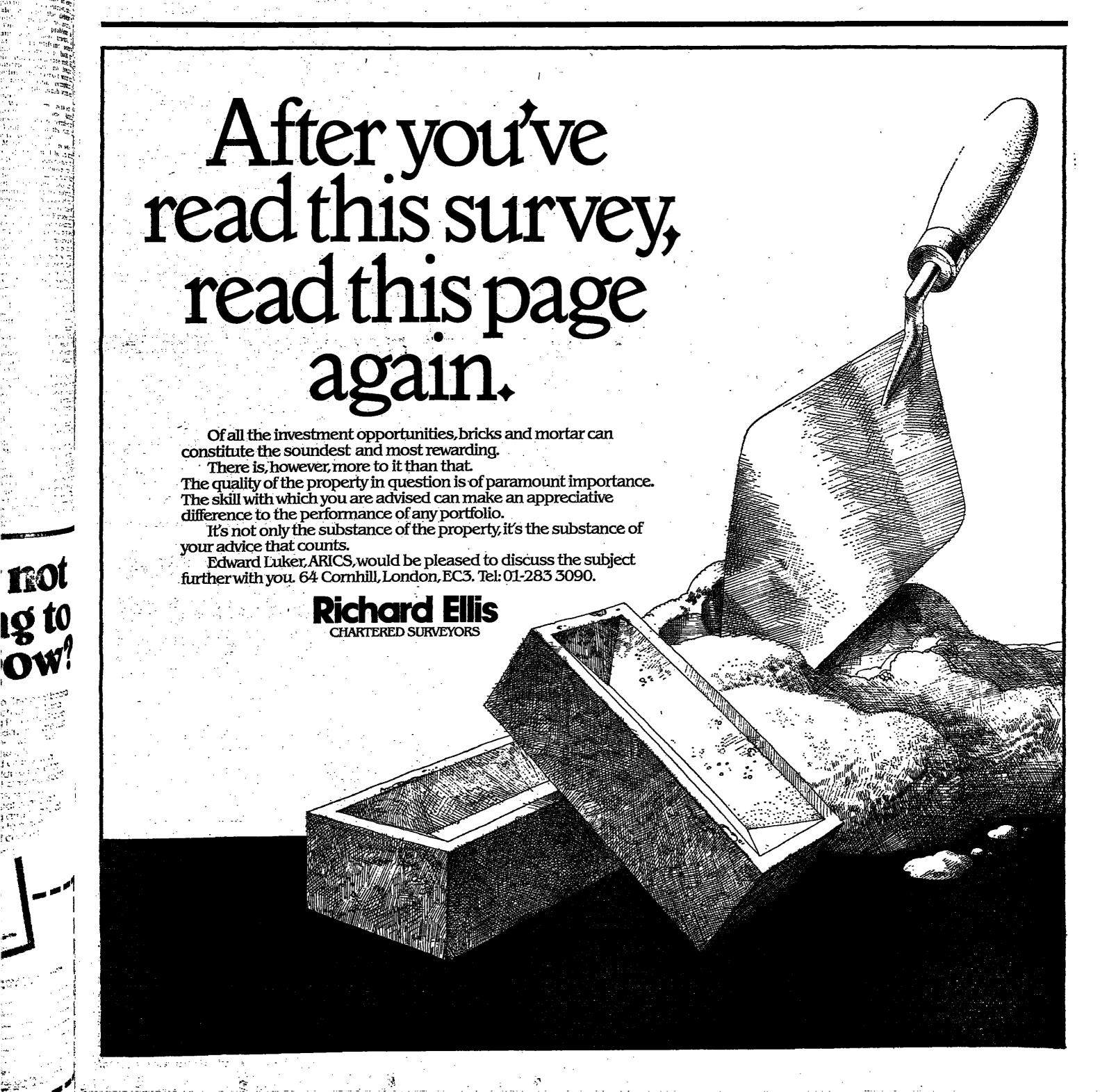
Wednesday, February 17 1982

Pension Fund Investment

Last year was a vital one for the industry. Index-linked government stocks were introduced for the first time, more new money was invested overseas and a wide range of new vehicles for investment introduced. The effects of these developments on strategies are examined in the following pages

Introduction II Political pressures It International outlook III UK inflows III Future assumptions IV Investment management IV Fund profiles: Universities Superannuation Scheme; National Water Board, Debenhams VI London University VII Property portfolio outlook VII Prudential VIII Venture capital proposals VIII Specialist trusts

survey was by Arthur Dawson Design by Philip Hunt



Christine Moir traces recent pressures which are disturbing a hitherto cosy relationship

Managers face up to the spotlight

always been under pressure to managers' show a good investment perform- subjected ance record but traditionally they have only had to report to trustees who have been prepared to take a long-term view of their form. Moreover, the trustees in the main have had to accept the managers' own procress projections and esti-

In the past 12 months that ensy relationship has been rudely interrupted. In quarter after quarter outsiders have studying their form and challenging them to substantiate their claims to a good record.

At the same time the fund managers have been forced by market and economic changes to ance by testing the returns from traditional investment media in the face of the much wider range vehicles now available to

To cap it all this reappraisal of technical performance mea-

PENSION FUND managers have the first time, enable the performance to be to comparable and quantifiable scrutiny.

As we discuss in more detail in separate articles on these pages 1981 will be remembered for the great debate over whether investment managers can achieve an investment return in excess of wage inflation or not - and if they can, by how much. Ironically, the debate was not sparked off by any specific demand for a study of investment performance within the £55bn pension fund move-

A by-product

Rather has it been a byproduct of three completely unco-ordinated Government unco-ordinated moves. First there was the surprise launch of index-linked gilt edged stock reserved exclu-sively for the pension funds. This was a Treasury/Bank of England exercise designed to has coincided with the maturing attract investors back into gilts with the promise of a real rate

fixed interest payments in the future if it got inflation under

control But the rate of return fixed by the Bank — initially two per cent but more recently closer to 3 per cent-focused managers could match this return from their traditional asset mixes. The same question came up again as the Scott Committee reported on the thorny subject of who should get pensions in-dexed against inflation, once more when the Government Actuary began determining

whether companies should get less relief on their National Insurance contributions in the light of their liabilities to private pension schemes not linked to the State scheme. While all this was taking

place the managers themselves were having to re-evaluate their traditional asset mixes and make important projections about a wide range of new investment vehicles.

Study after study revealed gilts portfolios as a poor long-term vehicle for the chase after surement and investment of return at prices which could inflation-proofed returns. In Then 1981 was the year of the necounting services which, for save the Government massive addition, there were now the management buy-out, legislation

MARKET VALUE OF TOTAL PENSION FUND

ASSETS							
	1963	1971	1979	1980			
Year end	£bn	£bn	£bn	£bn			
Private sector	2,8	6.1	23.6	29.5			
Local authority	9.5†	1.4	5.0†	7.3†			
Other public sector	1.0	2.5	12.3	17.9			
Total	4.3	10.0	40.9	54.7			
† P and D estimate.		Source:	Financial	Statistics			

specialist index-linked gilts. Property prices reached heights where even their most ardent supporters were advising that property might not be the automatic investment option it had previously been.

British industry struggling in a recession without visible end which was reflected in highly volatile equities markets. At the same time the option of investment in overseas securities remained open in the absence of exchange controls—but for how long?

to encourage small business start-ups and much political sure for institutions to back British industry by direct equity

The specialist investment service houses took this opportunity to lay a range of succulent new specialist funds before the investing public and the pension funds alike. The n ranged from currency switching to commodity port-folios, from international securi-

domestic sector stock selections. In one sense investment managers have been aided in

their asset mix by altering the balance in traditional sectors or by adding more or less ven-ture capital, overseas securities and the like, by the fact that performance measurement became a reliable practical investment tool in 1981.

computerised league tables, index comparison services and multi-currency pro-grammes now available, particularly when combined with matching investment accounting systems, have made it much easier for investment managers to keep track of the results of past investment decisions and project the impact of any changes which might be under consideration.

But the blessing of quantifiable performance measurement has also been a curse in disguise. Like it er not, measurement services have focused attention on short-term performance. How has the manager performed this year compared with other managers or against the market indices? They have also been used in

reaching decisions on changing the debate ever whether invest- less sympathetic to arguments ment managers can beat infla- that they must be permitted to tion even over a long period. Aside from all these pressures peculiar to 1981, the fund

managers have also been contending with the inevitable problems attaching to (The accompanying tante apears for itself). As pension funds loom even larger in the securi-ties markets can pension fund managers outperform the market or is this a philosophi-cal impossibility? cal impossibility?

Harder chase

For some fund managers last year and this such growth problems are merely academic. They are having to chase per-formance even harder as the impact of redundancies among their contributing workforce has begun to show through in squeezed cashflow or plans for lower contributions by beleaguered company management. Investment managers have also found the City authorities

cil for the Securities Industry has made little of complaints that performance is even industry growing at the rate harder to achieve when wind-the pension fund movement is. fall profits from market raids (The accompanying table speaks are banned by City rules. The spotlight on performance and the increasing complexity of investment decisions which will affect performance have

make investment decisions

without interference. The Coun-

begun to make a number of leading fund managers touchy about public attention. The National Association of Pension Funds too is crying "hands off" so far as statutory controls or changes to current practice imposed by government.

It is obviously a difficult time, particularly as both the Government and the Labour movement appears to be mesmerised by the sums of money which accrue in the movement But public scrutiny and internal precision are no bad things if the profession is to survive into the next decade.

INQUIRY INTO THE

VALUE OF PENSIONS

REVIEW OF INVESTOR PROTECTION

Debate widens over problems

Trades Union Review and revealed that its dedication to a British Investment Bank, which would be freedom of professional infunded partly from the inflows to the pension fund movement. has, if anything intensified.

The concept of such a bank. which would channel upwards of fibn into the rebuilding of industry, now forms a central plank in the TUC's platform for economic revival and is likely to be consolidated -at least in spirit—in the Labour Party's forthcoming economic programme.

The TUC's desire to see the creation of a national, politically directed investment vehicle

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offer a range of

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Concress unveiled its Economic funds. The City of London, of

Labour Party's economic programme presented at the autumn conference. This year it seems more than likely that something like an investment

The TUC has a superficially persuasive argument for control of investment given the scale of the export of capital the investing institutions is not new. And there is little since exchange controls were immediate chance of any dismantled in 1979. The figures government beginning to con- are certainly high. Although sider concrete proposals for a they have recently begun to fall BIE. But the latest expression back, in 1980 more than 40 per

The chart below shows its performance over the of Master Fund.

100-0

oo months is long enough to give you a pretty

good idea of an investment's performance.

So we would respectfully point you in the

5 years ending December 1981, when its average

growth rate was 21.8% p.a. compound. But you'll find that over almost any 5-year period

you choose to examine it's rarely been out of the top

direction of the Master Fund of the GRE Pensions

of total portfolios against less socially and than 5 per cent only three or desirable media. four years ago.

Party in hammering out the stock than anything, it is easy as being at the expense of another important pressure authority to interfere with the British industry overall. This is the basis of the TUC's call for a Foreign Investment Review bank could be endorsed if only as a concept.

The TUC has a superficially of funds overseas." through the reintroduction of strict exchange controls and specific ceilings on permitted

overseas investment. would find such arguments quite persuasive and it is a small step from there to persuading individual funds. them that the natural partner of the TUC's commitment cent of total investment in them that the natural partner. At the same time it will en-underlines the growing political equities by UK pension funds of a foreign investment agency courage trustees to support

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Master Fund. And although they were only launched

term they will emulate the outstanding performance

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268-0 =

in October 79, we are confident that in the long

THE BEGINNING of pressures mounting on the in- was in overseas equities which would be a national body direct- moves already under way by tuary the Trades Union vestment strategies of pension now account for 10 per cent ing inward investment into some Labour-controlled local economically

> It is true that the foreign Although the investment in agency has already been con-The TUC works closely with been more at the expense of Parliamentary Labour investment in UK gilt-edged ment but it will certainly find Labour movement and the TUC

> > The TUC is now proposing to hold a special conference of trade union representatives on pension fund boards of trustees. probably in the summer. that conference it will put specific proposals forward for trustees to seek to curtail overseas investment by direct intervention in the strategies of

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authorities to set up local enterprise agencies with funds authority pension funds. Both the Greater London Council and the West Midlands County Council are far advanced with but both are inhibited by the

legal for the trustees of the pension funds to dedicate cash voluntarily to such organisations, so the pressure is mounting on those trustees whose political interests might be expected to coincide with the Labour councillors.

By such indirect means the pressure on investment managers is mounting. Nor are the pressures confined to Labour/TUC axis.

The most recent of these is embodied in the Review of Investor Protection, a discustion paper produced by Promonth. Prof Gower was commissioned last summer by the Government to see whether the existing legal protection for investors was adequate and to cast around for improvements if

After six months of discussions with organisations throughout the securities market Prof Gower has concluded that investor protection is in sad disarray and what is needed is a radical overhaul of all the existing machinery of statutory and self-regulation.

Prof Gower interpreted his brief very widely to include commodity investment, life assurance and linked - life marketing and building societies. The range included pension funds about which he permitted himself a passing but

"To most people," he said, the investment made by or for them in a pension fund is, apart from their home, the only substantial investment that they will have. That being so, one would have expected that it would be subject to strict regu-lation and that steps would be taken to ensure that beneficiaries had detailed information about it and an effective say in its operation. Such. however, is not the case. Of all the investments it is, perhaps, the least regulated."

Prof Gower wants to see pro-fessional pension fund investment managers forced to trolled but self-regulated agency which all types of investment bodies would have to join as a prerequisite for operating.

This would not, however, include the non-professional trustees of pension funds. Prof Gower sees no way of control-ling their activities which ultimately direct investment strategies, short of a Pension Scheme Act similar to that proposed by a minority of the Wilson Com-mittee which reviewed the functioning of financial institutions in 1978.

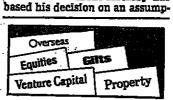
from the point of view of in-vestor protection but his conclusions about pension funds can do nothing but support the views of the TUC/Labour pressure group who want changes for entirely different reasons. And Prof Gower is not alone. Both the Government Actuary and the Scott Com-mittee which studied indextheir own indirect wattage to the political spotlight now focusing on investment man-

at present putting the final which form the basis for the review of the terms for "con-tracting out" of the State pen-sion scheme. Companies which opt to set up their own pension schemes instead of contributing to the State scheme receive a rebate on their National Insurthe financial risk they are taking on with their own schemes. The rebate is at present 7 per cent but the Government Actuary has said that it should fall to 6 per cent because of the better than expected performance of private pension fund managers

GUIDELINES FOR PERSONAL DEALINGS

by fund managers

recent years. The Government Actuary has



Political pressures CHRISTINE MOIR

tion that fund managers can achieve a real rate of return over inflation of 3 per cent per

This figure has also been bandied about in other quarters. The Scott Committee also looked at recent invest-ment returns to determine if it were possible to provide indexlinked pensions for all workers. It concluded that fund managers could produce a real rate of return but declined to say whether that would be negli-gible or as high as 3 per cent. Any point between nil and 3 per cent might be a good base to take, the committee argued.

The debate which these two bodies have activated obviously, focused considerable attention on the rate of return achievable by pension fund managers. It is also causing a degree of embarrassment within the industry. In the interests of keeping as high a contracting out rebate as possible, the pension fund movement wants to argue for the lowest possible real rate of return. It is already castigating the Government Actuary on the basis that 3 per cent is unrealistically high.

At the same time it wants to avoid the conclusions of some observers as published in the Scott Report that fund managers are unable to achieve a real rate of return at all. That could be to admit that either funded pension schemes are inherently ineffective ways of supplying pensions, or the current breed know their stuff .

The argument is not just

academic. If investment managers can produce a real rate of return then, theoretic-ally, employers should be able to reduce the cost of providing pensions to their workers-an obligation which adds a heavy burdent to the salaries bill.
Professor David Wi

research actuary at Standard Life Assurance, estimates thatthe cost of providing a fullyindex pension on a simple payas-you-go basis would amount to which studied index-pensions are adding an employee's wages. Since two indirect wattage to most of that would come—as the present schemes do alreadyfrom the employer's contribution, the role of the investment manager in obtaining a real return on invested sums must be seen as central to a company's overall cost control.

> As we note elsewhere in this survey the ability of pension fund managers to obtain real returns is being fiercely argued in the industry—and their perdecade and longer give no solid

contributions related to support for the arguments to the positive. So much for the pressuresdirect or indirect - on investment managers from outside the pension fund movement or its investment sector. Ironically, the investment managers are also responsible for increasing pressure on themselves from some of their own activities. Next month sees the begin-

ning of a new agency devoted to promoting the idea of nonexecutive directors and their numbers on company boards. Funded and initiated by a consortium of financial institutional associations, the Bank of the Stock Exchange and the CBI it is devised as a partial solution to the conundrum of shareholder responsibility of the investing institu-

They must be seen to be sup-porting British industry by positive involvement in com-panies' affairs so as to minimise future weaknesses. But at the same time they must not meddle in the day-to-day management of companies.

The new agency will try to persuade company chairmen to appoint more good non-executive directors. It will also help identify and track down such individuals. In addition it will orchestrate the views of the institutional shareholders and help formulate the proper relationship between them and the companies they invest in.
In the course of this activity the agency cannot fail to spot-light the pension fund man-ager's investment strategy, tactics and efficiency. It would be foolish to believe that this spotlight will never expose areas of weakness and incompetence which will fuel the demands from, say, the TUC, for a degree of state control of investment. The flowering of performance

measurement techniques within

the pension fund industry is likely to have a similar effect, if it has not already done so by focusing on total rates of return. Devised within the movement as an investment manager's personal tool for monitoring his own progress. performance results are now widely broadcast — often misunderstood with the effect that even casual observers believe they can identify the reasons for swings in the securities markets and eyen, some claim, the Public Sector Borrowing Requirement.

One final area where pressure agers is the securties market itself. The dominance of the investing institutions in the turnover and activity of the securities market has focused the attention of the regulatory authorities on the institutions. Thus the Council for the Securities Industry has spent

the past year introducing and tuning rules to inhibit free sales of shares to predators who wish to raid target companies through swift market manoeuvres. It has also devised series of basic principles for investment management which impinges directly on the relationship between pension funds and outside investment managers such as merchant banks stockbrokers. although originally intended only as a self-regulatory bridle on independent licensed

dealers in securities. It is true that, uniquely among developed countries, the UK has no statutory controls over pension fund investment. But the pressures are mounting and the fact that, though diffuse, they are coming from completely different actually intensifies

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PENSION FUND INVESTMENT III

London proves an ideal clearing house

THE DASH for overseas securities by UK pension funds may have slackened off. The latest figures from the Department of Trade — for the third quarter 1979 the financial institutions

Those 18 months of concenration on overseas purchases, however, have brought foreign holdings in UK funds up to around 10 per cent of total portfolios, just double the 1978 proportion.

At that level the pension fund movement as a whole probably has more than £50n of funds in foreign markets, more than enough to maintain a steady activity in that sector and support the growth industry of international fund management.

For the fact is that overseas portfolios need constant active supervision. Stock and sector selection, as UK fund managers have noticed only too clearly in recent years, have a significant impact on perform-ance. In the international arena there are currency fluctuations

to take into account as well. 16.3 per-cent, the aggregate disguised wide performance differentials in the main mar-kets. U.S. equaties, translated into sterling, produced 23 per cent. German stocks showed a return of -17 per cent.

diversify risk but in order to to around \$135m in little more buy into growth stocks and than two years. Fidelity's close economic sectors not available links with international investat home. This requires contors seems to have cut contors. siderable expertise in specialist siderable ice with the locals. foreign markets and emphasises the need for flexibility both in stock selection and in market switching.

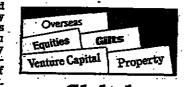
East generally is the favourite market. The growth of interest there is evidenced by Wardley Investment Services, which has seen its funds under management out of Hong Kong grow from all eight years ago when the service began to \$2.2bn today. Exco's decision to buy the HK arm of Carr Sebag this month underlines the competition among international groups for a Far Eastern presence.

International pension fund money continues to pour into Hong Kong which has developed as a major management centre, but the money is usually earmarked for Japan, Singapore, Australia and the

the Tokyo Stock Exchange does normal brokerage services will permit entry to foreign brokers, increase.

who would then find it more Jardine Fleming the investof 1981 — reveal that for the who would then find it more first time since exchange concest-efficient to set up a full-ment management partnership trols were dismantled in late scale management and research between Robert Fleming, the operation in Japan.

invested slightly more in UK A stronger physical presence equities than they did abroad by foreign agents in Japan would almost certainly increase the aiready powerful impact of foreign investors on the Japanese stock market. Accord-ing to Mr Peter Pearson,



Global managers

CHRISTINE MOIR

Fidelity International's Hong to take into account as well.

Phillips and Drew's latest edition of Pension Fund Indicators shows that while overseas markets as a whole in 1980 of turnover and their move-produced a return on equity of ments in the market are psychologically even more important. -

The Japanese tend to look to the foreign investor, he believes, to lead the market. This may, he thinks, explain the success Fidelity has had in setting up It is also clear that invest a Far Eastern fund for Japanese ment managers are not seeking investors. Mostly invested in the international exposure just to Japanese markets it has grown tors seems to have cut con-

The Japanese market is highly sophisticated and well served for research and UK institu-At present Japan and the Far tional fund managers have a relatively long familiarity with it. This may mean that specialist lation, they are still only ing in the field.

countries. Japan continues to investment vehicles managed by committing small proportions of dominate, of course, and could outside specialists will tend to their funds to foreign markets, become even more popular if lose their importance while But the absolute figures are

> UK merchant bank, and Jardine, one of the great Hong Kong trading houses, now has a team of 30 in Tokyo handling both discretionary investment and broking business and it is clear that the broking side is at least of equal importance at the moment and growing.

Elsewhere in the Far East, however, specialist vehicles retain their importance and probably always will be given the small size of most of the

domestic markets.

The range of vehicles on offer continues to grow the latest growth area being Korea.
Vickers da Costa set up a sions in London.
Korean fund only two months ago which has already attracted some \$15m of institutional British counterparts so they money, and Cazenove and Co. stressed that their services were has linked up with Japan's available only to non-UK Nomura to provide a similar investors on an international

that Far Eastern fund management businesses can probably command a selling price equivalent to 10 times annual earnings. But it is London which is proving the main centre for global fund management.

supporters of internationalism so the merchant banks and other UK investment groups have been developing expertise in global management for some time. This in turn has made those organisations the natural choice of other foreign institutions now investing looking at international diversification for the first time.

The U.S. pension funds are the obvious example here. large—1.5 per cent of the total ERISA funds is no less than \$5bn, and a figure of 5 per cent

looks possible before 1985. London has not only the expertise in international management (as, one must add, does Scotland); it also happily straddles the main time zones. For both these reasons, there-fore, the U.S. pension funds are looking to Britain as the clearing house for investments out side the U.S.

In their wake have come the major U.S. investment banks and specialist investment mana gers. Morgan Guaranty, Citi-bank, Chase Manhattan and Chemical Bank are among the U.S. leaders which are concen-trating some or all of their

anxious not to upset their British counterparts so they The Far East may be the only so far as their U.S. most attractive international (usually fixed interest) portfolios were concerned.

That attitude is slowly being eroded as the Americans look longingly at the rich pickings available from managing or advising UK institutions and believe they have now developed sufficient expertise to offer them

There appear to be two reasons for this. First, the UK undoubtedly see enormous competition among the international management giants in their London offices which should stimulate advances in performance measurement and investment strategies, and also

reduce management fees. Even if the UK pension funds slow down on their foreign purchases—and the local authority funds have still to catch up once released from the present constraints of the Trustee Investment Act—there will be Having only recently won the more than enough international right to buy foreign securities activity to maintain the 40 or under American pension legis- so global managers now operat-

PENSION FUND ASSETS

High Pro Company ext. The Company ext. The Company of the Company	Total assets £bn	Overseas assets £bn	% growth of overseas assets	% of overseas assets in total portfolios
1978	31	1.688	+55.6	5.4
1979	42.4	2.654	+57.2	6.3
1980	54.7	4.490	+69.2	8.2
1981†	59.9	5.740	+27.8	9.6

† Estimate for first 9 months, based on net acquisition cash values.

Hiccups cause slower growth

JUST FOR the moment, pension fund inflows have lost schemes are relatively well per cent of the portfolio for this much of their normal buoyancy. funded but the company is in type of investment. When the Indeed, the latest official figures —for the quarter ended last might even borrow from the may well be that the proportion September — indicated that for fund, Obviously the principle will already have topped 10 per September — indicated that for the funds included in these statistics the net cash flow of £1.72bn was as much as 7 per cent lower than for the July-September quarter of 1980.

That may be something of a statistical freak, for the inflow of £1.83bn for the third quarter of 1980 was easily the highest yet seen. For the first nine months of 1981, total inflows were still running about 4 per cent ahead of the corresponding 1980 figure. But that indicates a drop in real terms, something which is reusual for this rapidly

growing industry.
It is not necessary to look very hard for reasons for the slowdown. For instance, pension fund contributions are directly linked to pay levels, and in 1981 wage inflation slowed down to 10 per cent against 18 per cent the year before. Moreover, the number of jobs in the British economy has shrunk significantly in the past year or two, reflecting the wave of redundancies

and factory closures. The employees who are most vulnerable to redundancy are those with only short service who are likely to take out their contributions in cash if they have been in the scheme for less than five years — and those close to normal pensionable age who are often persuaded to accept early retirement.

With early retirement, the

ces

1 Agracultur

hey ldrick

Acquisition

Higenical.

Analysis

aluation

nk & Rull

fund not only begins to pay pensions but is also likely to have to finance lump sum payments. The company may agree to make extra contributions to cover any unprovided costs of early retirement, but it is unlikely to do so immediately, so the cash flow effects are

Another — though fortunately rare — reason for weakness of cash flow is that companies may actually try to cut back their pension fund contributions because of financial difficulties. Thus British Airways is seeking Thus British Airways is seeking to reduce its contributions rate and trim back some of its rather generous pension scheme benefits. In the private sector, the printing group BPC negotiated a reduction in benefits last year as part of its survival

Some actuaries, indeed, envisage the possibility of con-

trouble. Indeed, the company of raiding pension funds is not one to be encouraged. But it is sometimes argued that there is no sense in having a rich fund at the expense of a bank-

rupt company. And it is worth bearing in mind that in the cases of many long established industrial com-panies the pension fund often has a greater value than the market capitalisation of the com-pany itself. This is true, for instance, of groups like Lucas Industries, Tube Investments and Imperial Group.

Despite the slowdown, the size of Britain's pension funds is still very much on the in-crease. The precise figure depends on how many funds are included, but brokers Phillips and Drew, for instance, reckon that the total value of privately administered pension fund assets has risen from roughly £25bn to £55bn over the past

Official Central Statistical Office figures are available on the types of investment held by pension funds, and eliminating minor holdings of liquid and miscellaneous assets the approximate picture at the end of 1980 was as follows:

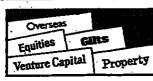
Dominating the picture were UK equities, representing about 48 per cent of the funds at market values. Next came gilt-edged, where hold-ings — mainly of long-dated stocks — amounted to perhaps 24 per cent of the total. Around a fifth of the funds was invested in property. either directly or through unit trusts. Finally, overseas equities represented 8 per

Although relatively small in weight, these overseas investments (to which should be added an unknown though relatively small amount of foreign property) have been attracting a good deal of attention lately. For this overseas element has been rapidly built up since exchange controls on investment were **QVETSEAS**

removed in late 1979. During the period of exchange controls the pension funds tended to be underweight in

end-1981 statistics come out, it cent on average.

This sudden portfolio shift has required quite dramatic changes in the pattern of investment of current inflows. In the second quarter of 1981, in fact, UK pension funds invested more new cash in overseas equities than in UK equities — the figures were £414m against £388m. This has aroused the interest of left wing



Asset mixes BARRY RILEY

sion funds of neglecting investment in Britain: the TUC has called for curbs. But such restrictions might

well amount to a case of shut-ting the stable door after the horse has bolted. Many pension funds are already reaching at least their initial overseas investment targets, and the level new investment overseas is likely to shift back to something like the 10 per cent which is the portfolio proportion. This contrasts with 25 per cent or more of new investment which has been seen in some recent

This easing off was to some extent visible in the July-September quarter of 1981, when investment in overseas equities slipped back to £326m while £521m was put into UK ordinary shares. The pension funds are very conscious of the fact that their liabilities are almost entirely in terms of sterling, so that however attractive some foreign markets may be, there overseas portfolio proportion

becomes at all high.

In fact some fund managers argue that the attraction of intended to be underweight in vestment overseas is not so much seen foreign equities, but many have that of international diversificance see themselves a target of tion as such, as of the potential era.

which may not be available in the UK market. Examples are electronics sectors in the U.S. and Japan, and energy or mining investments in a variety of countries.

Meantime the enthusiasm of pension fund managers for UK equities has scarcely diminished, and net new investment in UK shares in 1981 is unlikely to have fallen far short of the record £2.1bn recorded by the CSO for 1980. Despite its ups and downs, the UK market has given quite decent overall returns to the pension funds in the past few

That is more than can be said for gilt-edged, where the market again turned out to be dis-appointing in 1981. Despite the huge amount of stock on offer from the Government the pension funds have proved reluctant to increase the proportion of their portfolios which is devoted to assets, such as gilts, which offer no protection against higher inflation.

In recognition of the unsuitability of traditional gilts, the Government last year-introduced index-linked stocks of a kind which are more precisely tailored to the requirements of pension funds. So far three tranches of stock, of various maturity dates, have been issued, but the total market value is still well under £3bn which makes them so far of only marginal relevance - though with undoubted potential for the

Meantime many funds are roughly maintaining their existing proportions of fixed coupon gilts in the hope that, at last, this sector will achieve a good performance: The key attrac-tion here, of course, has been the unprecedented level of apparent real returns, with yields running 6, 7 or even 8 per cent over the likely rate of inflation in the next year or so.

But whatever the short-term prospects, the return on gilts in real terms over a long period such as 25 years is impossible to predict. That explains why will always be an offsetting element of currency risk if the portfolio of the typical pension fund consists of assets like equities and property which, on the basis of historical experience, are more likely to secure the living standards of pensioners in an inflationary

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ONE SET OF FIGURES

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ownership of which—as in the cases of the other two-has from 1963 to the end of 1981 been limited to pension funds. P and D calculate that the third issue carried an index-linked coupon of 21 per

Somewhat grudgingly, the authorities were acknowledging the fact that a 2 per cent real return, the first guess last spring at what the index linked yield should be, was too low to be acceptable to the pension funds. Even so the authorities did not go the whole way and set a coupon of 3 per cent, which is roughly what the mar-ket yield has turned out to be. All three indexed gilts are standing at sizeable discounts on their par values.

The introduction of safe, in flation-proofed bonds has forced the pensions industry to face up directly to the question of whether it can achieve adequate returns from other and more conventional investments.

Before the arrival of indexed giks fund managers could argue that all they could endeavour to achieve was the best return possible from conventional investments, such as equities, property or conventional fixedcoupon gilt-edged. The hope has been that in the long term they would be able to achieve a modest real return over the and above the rate of inflation. Now there is an alternativealthough one so far available only in modest amount.

Right from the time the first indexed gilt was issued many actuaries stuck out for a 3 per cent real return. The reason was that without a rate of return at least as high as this many pension schemes would eventually run into funding problems. In practice most funds have failed to achieve such a return over the past decade or two; but to accept that the failure will be repeated in the future would be to force a reappraisal of the whole basis of the funding of occupational pension schemes.

Individual pension schemes are valued by their actuaries on quite a wide variety of assumptions, but a common basis is that the long-term gross rate of return—taking income and capital growth together—will emerge at some 1 to 3 points above the average annual rate of wage inflation.

In the past couple of decades wages in the UK have grown at an average of 2 per cent a year faster than retail prices, so the assumed return has amounted to 3 to 5 per cent over price

Historically, pension funds this. The precise figures for rates of return depend on the period being selected, but a good idea of the long-run frend

UK pension fund average achieved an annual rate of assume that returns will concent, half a point higher than return of some 9 per cent. This the coupons on the earlier was about 1 point below price below average wage inflation

over the period.

During the shorter, more inflationary 10-year period from 1972 to 1981 the picture was worse. The return was also 9 per cent but this was around 5 per cent below price inflation

Venture Capital Property

Future assumptions BARRY RILEY

and 7 per cent short of wage

The 1970s, however, took in two horrific years in 1973 and 1974 when the financial markets collapsed and inflation soared. a pattern that was only partly corrected in the financial recovery year of 1975. More recently the picture has improved substantially. In the past five years the returns have been positive each year and

have averaged around 18 per cent annually. This compares with annual inflation of just about 13 per cent on average. The statistics can be presented in a way to prove almost anything. But a fair summing up is probably that pension fund managers have recently

recovered a lot of their confithe first half of the 1970s. So although 1981 turned out to be nondescript year-according P and D the return on the typical pension fund was about 11 per cent, a point less than inflation—it was perfetly acceptable coming after the excellent 26 per cent rate of return in

Moreover, it was significant that wage inflation was only 11 cent in 1981, indicating a pensions in payment to the level values of shares and property

LAST MONTH the Treasury is provided by statistics just longer to rise by 2 per cent a issued the third tranche of published by stockbrokers year faster than prices, then index-linked gilt-edged stock, Phillips and Drew. may be somewhat eased.

Indexed gilts lead to reappraisal

But do a few good years invalidate the longer run picture? Is it just wishful thinking to return of some 9 per cent. This tinue to be solidly positive? was about 1 point below price After all, if 3 per cent is the impation and about 3 points right rate for risk-free indexed gilts, the return on riskier assets like equities needs to be higher—say 4 or 5 per cent. A certain amount of suppor for the pension fund actuaries has come from the Government Actuary, who has decided that 3 per cent is a reasonable real rate of return likely to be achieved by a conventionally invested pension fund.

However, a slightly more cautious view was taken by the Scott Committee in reporting on the value of inflation-proofed public sector pensions. The Committee thought that 3 per cent was the upper limit to the range of "reasonable" assumptions, bearing in mind "the relative power of capital and labour." The return might well be lower-but not the Com-mittee decided, lower than

Certainly, positive real returns have become evident in capital markets in many parts of the world on a scale not seen for many years. It can be argued that the negative real returns prevalent in the 1960s and 1970s were a reflection of the acceleration of inflation and will not persist in conditions of stable or falling inflation.

It was, after all, the fixed interest element of pension fund portfolios which led to much of the poor performance of the past two decades. In the past ten average fallen 7 per cent a year short of inflation—a phenomenally bad performance.

In contrast, the return on equities and properties has been much more reasonable. Even here there were, of course, major problems in 1973 and 1974, but P and D's 19-year data indicates an average real return of around 2 per cent on UK equities. That balances the booming 1960s with the more subdued 1970s, but as very longterm institutions the pension funds are prepared to take the rough with the smooth so long as the balance evens out in the

Property has probably pro-duced a slightly better performance than equities, although fall in real incomes. Because the valuation problem makes it pensions are normally linked to less easy to be precise. In the final salaries, it is pay inflation very long run property rentals, rather than price inflation that like the profits and dividends of primarily determines the cost of companies, have just about kept pension schmes (though there up with inflation, so it is posmay be a degree of linkage of sible to hope that the capital

ANNUAL RATES OF RETURN

	Gilts	• UK equities	Oversess equities	Cash	Preperty
1963	2.5	19.7		4.2	
1964	-2.6	-6.1		5.4	•
1965	2.9	77.4		7.0	
1966	45	-4.4		6.9	
1967	2.6	35.0		6.4	
1968	-4.4	48.5		8.2	
1969	-1.8	—12.0		9.1	
1970 1970	42	-3.6		8.7	
1970 1971	27.5	47.1		6.3	
1972 1972	-6.8	15.8		6.4	
1972 1 973	-10.7	-28.8		11.5	23.1
1974 1974	-17.9	-51.7	6.4	13.4	-21.8
	41,8	150.9	46.0	10.8	5.7
1975	12.3	17	26.5	12.1	4.4
1976	50.1	48.8	- 19.1	8.4	25-4
1977	-3.3	8.2	11.1	9.1	19.2
1978	-3.3 4.3	71.1	-27.4	14.7	21.3
1979	21.1	35.0	16.3	18.6	18.1
1980	1.4	13.5	21.1	14.5	14.9
1981	1.7	13.3		- 	

ANNUAL RATES OF RETURN AND INFLATION

Year	Average private pension fund	inflati Wages & salaries	on Retail prices
1963	11.5	7.7	1.9
1964	-32	3.2	4.8
1965	7.0	7.7	4.5
1966	-0.2	4.3	ל.3
1967	18.2	5.7	2.5
1968	25.3	9.2	5.9
1969	-8.4	8.6	4.7
1970	0.5	13.7	7.9
1971	38.4	9.3	9.0
1972	9.3	75.5	7. <i>7</i>
1973	' 21.8	13.0	10.6
1974	-31.0	29.4	39. 1
1975	63.8	19.4	24.9
1976	8.6	ที่วั	75.7
1977	38.9	9.3	12.1
1978	6.6	13.4	8.4
1979	9,7	19.4	17.2
1980	25.8	19.5	15.1
1981	11.1	11.2	12.0
19-year average	8.9	12.0	9.7

cent on equities and 4 per cent on top class property—offer the csope for a reasonable positive overall real return. Any rate, pension funds have

maintained a high level of com-

Source: Phillips & Drew "Pension Fund Indicators

19-year average

Source: Phillips & Drew "Pension Fund Indica

mitment to the equity and properly markets and have recently been taking advantage of the opportunity to supplement their UK portfolios with similar overseas assets. They have been reluctant to increase their commitment to gilt-edged despite the higher and higher real yields which the Government has been forced to offer. Even with gilts, however, it is possible to argue that the valuation basis is now much more attrac-

while yields-of, say, 51 per flation rates, than has been the case for a very long time. In the long run, an economist might argue, it is unlikely that tapital could continue to be

attracted at negative real rates of return. But shifts in the valuation basis of particular assets as with the more than doubling of equity dividend yields over the past decadehave distorted the picture over orite long periods.

Pension funds can look for offsetting factors to balance any problems; for example, if company profits prove to be weak, then wages are likely to grow slowly too. But in the light of capital markets, nobody can be

The bigger the property fund the smaller the risk.

Most pension fund managers are aware of the advantages of investing in property. It is, after all, one of the few investments that has kept pace with inflation since the war.

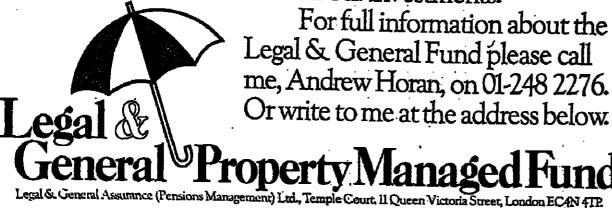
But, as always, above average potential return can mean above average potential risk.

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Role for trustees is more than charting the course

ONE OF the prime responsipension scheme is to invest the assets for the ultimate benefit of the members. These fiduciary responsibilities under trust law require them to get assets over the period of the liabilities of members—a period that extends well into the next century.

The investment powers of the trustee are laid down in the trust deed, but invariably they effectively allow investment over the whole spectrum.

Investment, however, is not a task for the amateur trustee, and the trustee will investment management to a professional manager. The trustees cannot delegate their legal responsi-bilities for the investment, hence they should become involved in the strategy adopted by whichever investment manager they appoint.

Trustees have a wide choice

of managers, since there is no shortage of companies offering their services. They all seek to carve out a share in what has been a rapidly growing market. The first choice of the trustees is between a self-administered fund on the one hand and an insured scheme with a life company on the other, with a man-aged fund as the middle course. In the past many trustees elected an insured scheme because everything is done for them by the life company. Not only does the investment come with the package, but so does the life assurance, the pension payment guarantee and the foll

Whatever the form of an insured scheme — with profits deposit deferred annuity, administration or other forms-investment is made in the combined common life and pensions bined common life and pensions fund of the company, with the investment decisions completely in the hands of the life company. This fund will be a mix of equities and property, both in the UK and overseas, plus fixed-interest stocks with the life company varying the mix. In theory the funds need to hold a certain level of vilts and size of funds being handled this describes with the six of considering the and sometimes there are hide certain level of vilts and size of funds being handled this describes whether some administration and sometimes there are hide certain level of vilts and size of funds being handled this describes how his ment service—what comes with the investment management administration is included. The trustees need to consider what comes with the investment management administration is included. The company varying the mix.

a certain level of gilts and other fixed interest securities to seems only logical, yet many revealed unless the trustees cover the guaranteed liabilities.

In practice, because of the of an efficient marketing strength of the reserves of the exercise following an executive the leaders in external pension established life companies, in lunch.
vestments can be varied widely Mr

and many trustees are attracted to this method because of the guarantees. They tend to over-look that it is a guarantee on investment return not on the benefits paid and it does not

receive directly, under an insured scheme, the investment performance of the fund. The investment return comes in the form of bonuses or bonus interest which depends on the actuary's determination of the amount of overall profit from the life fund and how this is distributed between the various classes of business. Actuaries admit that they can only achieve rough justice at the best of times.
This lack of ratification of

self-administered route. Smaller it is cheaper to buy the death in service cover than carry the cost themselves.

Having deciding on the self-

administered route, the trustees have to decide how to select from the various institutions offering their services merchant banks, stockbrokers, independent investment managers and life companies. It is no good being dogmatic about which institution offers what type of service. Each will have pros and cons in their approach and style of investment management that may or may not meet what the trustees are seeking.

Insured schemes give certain crossing off every applicant for a big pond and there tends to levels of investment guarantee a variety of reasons. His article be a tight house style on investcan be summarised: Eliminate the firms that are appear to be too small to handle the volume of investment. • Elminate the firms that are too large. Mr Ryan wanted to

pass on their legal responsibility. The pension fund does not

one's own fund has resulted in many trustees moving away from an insured scheme to the funds can run their own port-folio and still assure, if folio and still assure, if necessary the mortality risk of the pension payments and the lump sum death benefit with a life company. Indeed company. Indeed, such is effect of competition that even for large pension schemes

An article in the December 1981 issue of Pensions World by Mr Nick Ryan, superannua-

appointment. Considering the and sometimes there are hid-size of funds being handled this den charges that would not be seems only logical, yet many revealed unless the trustees

feel that his fund would figure prominently in the activities of the investment manager. admitted that this removed many firms of high repute. • Firms which produced sales-



management

people from the front office and not the actual managers went off the list. Mr Ryan wanted to see and interview the actual

Off the list went those managers who rubbed the trustees or Mr Ryan up the wrong way.
This he regards as one of the
most important considerations
in that the external managers
must be able to work in mutual harmony and confidence with the trustees.

The trustees must like the overall approach of the managers to their investment philo-

sophy.

Finally the question of fees charged by the managers, which Mr Ryan feels should not be the sole consideration. On this final point trustees

the leaders in external pension fund management. The major Mr Ryan's approach was banks have been accused of meticulous in the extreme, treating funds as small fish in

ment policy. Investment covers the whole spectrum. Fees tend to be on a percentage of the fund. One consultant claims a noticeable trend away from merchant banks.

The independent operators tend to expect full discretion on investment management and hold firm views on strategy. They have spearheaded the drive for overseas investment and some are prepared to put as much as 30 per cent of funds overseas. Almost all invest in equities and eschew gilts com-pletely. Although they will use pooled property funds for direct property investment direct property investment the emphasis is on equity invest-ment. Trustees usually have to do their own administration. The fees are based on a per-centage of the funds managed.

Stockbrokers have the attraction of not charging fees directly, but relying on the brokerage in the investment to meet their costs. This has led to accusations of churning the portfolio, but investigations do not reveal a higher level of turnover than with other advisers. There tends to be a more individual style of invest-ment. Property investment is covered by pooled funds.

Life companies tend to man-age the smaller funds using their managed funds covering a complete investment range, and offer a complete service. The charges come in many forms the bid-offer price spread of the units, the annual charge on the value of the fund and a charge on the new money. Life com-panies are moving into the egregated fund management

The modern tendency is to split the investment between two or more managers. In theory this is designed to boost performance because of the competition. The handles smaller funds and thus should be more flexible in his

But many funds prefer to keep direct property investment in their own hands using the advice and services of a leading estate agent. There is a "gut" feeling among laymen that there is no substitute for bricks and mortar. But this move could well reflect the desire of trustees and pension managers to run their own in-house investment team.

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Some of the Morgan officers responsible for international investment management share news and trend data at a meeting in London. Shown, fre left, are Rudolph Leuthold, Walter Zinsser, and Bernard Rattray, London; Nancy Kyle, New York; Mark Tapley and Chilton Thomson, London;

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The Morgan Bank

PENSION FUND INVESTMENT VI

On this and the following page problems of individual pension funds are examined. Below, Christine Moir looks at the likely effects of educational cutbacks.

Coping with redundant dons

Universities Superannuation scheme

THE GOVERNMENT'S costcutting policies are now beginning to affect the country's universities, some of whom have been told to shed as much as 35 per cent of staff

over the next two years.
It is not at all clear at the ment how many academic staff will be involved or, crucially for the Universities Superannuation Scheme which looks after their interests, what age the majority of them

Whatever the details there is bound to be some short-

National

water council

DUNCAN CAMPBELL-SMITH

managers, however, only one fits the description of an external

adviser contracted in the normal

This is Phillips and Drew, which the council took on at

its inauguration in 1974 and has

retained ever since. The broker

has responsibility for one of two securities portfolios which has responsibility for one of

share 75 per cent of the net

new money flow—estimated at about £90m for the current year

-and have a present value of

The other securities portfolio

National

inflow to the pension fund depending on how many redundant individuals are over 50 and able to translate some of their pension rights into eash.

The reduction could also lead to a review of the fund's financial position when the actuaries carry out their 1984 valuation. A recommendation for increased contributions is certainly on the cards.

The pension fund's administrative and secretarial staff is already grappling with the problems which will present themselves in the next couple of years. But this has not held up progress on the other main change in the fund—its decision to take over manage-ment of its own investments. Until this year the USS had

farmed out investment man-

move in-house was made to seem a panic reaction follow-ing the recommendations of brokers Philips & Drew, with a smaller proportion in the hands of Rowe & Pitman. Only cash management was carried a special consultancy group out in the Liverpool headbrought in to advise on tightquarters of the fund itself.

However, the fund had always had long-term plans to

"Not so," says Mr Stirrup,
"we had already made the
decision based solely on the move full management in-house as soon as the job was sufficiently large to attract a man of the right calibre," in the words of Mr Peter Stirrup, chief executive of the USS. Unfortunately, that moment coincided with an embarras-sing time for the fund. Just

Where top flight people really count

after the Easter weekend in 1980 its cash manager was arrested and later given a seven-year prison sentence for stealing £1.5m from the fund which he used to buy

Most of the money was re-

ening up administrative con-

size the fund had reached." The USS is only seven years old, having been formed out of the amalgamation of hotch potch of old pension arrange-ments for the different universities. From a nil fund in 1975 it has now grown to around £1bn. "And at that stage," Mr Stirrup says, "most

funds go in house." The new investment man-ager is Mr Jack Spink, poached from Warburg Investment where he had been responsible for a large tranche

fund's investments. Mr Spink was appointed in July but only took up his task in November from the temporary haven of offices borrowed from a stockbroker.
His first job has been to find premises, then to start building up a team—probably of about 10 or so to start with

—and to supervise the transfer of operations from outside managers.

That task is being mirrored in the Liverpool headquarters where the new chief accountant, appointed in August, is busy hammering out a system for investment accounting.

Until these administrative details are complete Mr Spink will not take full control of investment although last month he began the task by investing the new monies earmarked for stocks and

Property management will remain out of house indefinitely. Like so many other pension funds the USS employs Jones Lang Wootton as its property adviser and seems happy with this arrangement. Certainly any fund which decides to take on physical property managelarge investment in staff and even finding in-house surveyors and valuers of sufficient standing to match the services offer outside is a problem. Mr Stirrup and his board of trustees have shied away from such a big move. The transfer of a securities portfolio of about £809m and the supervision of some three-quarters of an annual cash inflow of £150m a year seems more than enough for the

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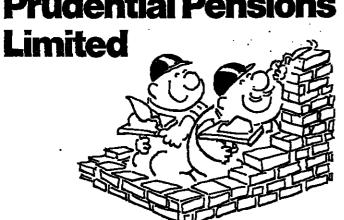
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remains in-house. It is managed by DIMU, a not entirely flattering acronym for the Water Council's own Direct Investment Management Unit set up in Cannon Street in 1978. (The council's headquarters are down the street from the Home

Office next to St James's Park.) ALAN PORTER sees himself as Mr Porter explains that some a persuader, a sounding box in-house management looked and an occasional prodder" as appropriate to the council once the chief executive of the it felt it had found its feet as Water Council's an Institution. It hired Mr superannuation fund which Charles Crowther, then with J. Henry Schroder Wagg, to lead a team of three advisers now has a market value heading for £600m by March 31. and three assistants. Then it He supervises and COthem to get on with the ordinates the work of three management units. "I hope we are an energetic, lively and

DIMU took on the role of an forward-looking fund with a earlier second manager, County philosophy based firmly on in-Bank. Mr Porter thinks it dependence for our contracted managers" says Mr Porter. important to have two advisers —"each can stimulate the This may sound unremarkable other's performance"—though enough. Of those independent

The advantage of having one of them on your own payroll,

he believes, is that you get the undivided attention of that manager. "Provided you can attract top flight people. you should get a marginally better performance from them since the yhave no other clients to distract them."

Mr Porter acknowledges that the margin of superiority could take several years to show. How do things look so far? "Even Stevens," says the chief executive firmly.

His council's other unusual relationship is with the third of its managers, estate agents Jones Lang Wootton. The latter's brief is "to seek properties, investigate propestions and make purchase recomtions and make purchase recommendations to the fund.

But there are different cateproperty development."

is contracted out in a sense, yet he eschews the word competi. Those which Jones Lang Wootcarry the total commitment of the firm. No more than two or three have been turned down since 1974. More than 200 deals have been accepted, all for UK properties, and the fund has been channelling 25 per cent of its new money into this sector since July 1980—all of it going through JLW.

This makes the firm both manager and adviser to the catholic in its taste and stands council, a special relationship which Mr Porter presents as another aspect of the guiding philosophy that managers should be allowed to manage.

He stresses that the fund has ample checks and balances with which to monitor the performance of the property portfolio. On this basis, it has grown very successfully in line with the fund's policy "mere than most A fortnight to be involved directly in fund with

It has also now decided to be ton makes to the Water Council involved directly in venture capital projects, for which a separate portfolio was set up on January 1 It is to be run inhouse by Mr Porter himself and Mr John Hatch who joins. the council shortly.

The new portfolio, says Mr

Porter, has five direct nvestments "in the bag or on the stocks." It intends to be quite ready to look at management buy-out proposals, for example. Mr Porter names medical engineering and computer technology as attractive areas of asked to pick specific

He prefers not to be specific though. The portfolio is aimed simply at "the sharp end of industrial and commercial life." A formight statement for a a forthright



occasional prodder

m = loves, rest

on at all the

watchful eye track record

Debenhams

"CHOOSING AN investment manager is about getting the right individual, not neces-

TIM DICKSON

name." So says Denis Blair, pension fund executive of Debenhams, the major store group, who was instrumental in securing for his company the management services of Geoffrey Morley and Partners. Mr Blair highlights four

main criteria for selecting an investment manager—track record; understanding with the trustee board; fees; and the degree of individual involvement (the order here is not relevant). But the full story of why Morley has been managing the £45m of Deben-ham's pension fund assets for the last five years stretches back to the middle 1960s and cannot just be summed up by reference to those familiar yardsticks.

"I first met Morley when I was working for Massey Ferguson and he was manager of the Iraq Petroleum pension fund. It was around the time of the launch of the first property unit trust and I heard him speak out at a meeting against the whole principle of unitising pro-perty. He pointed out that unless you had a full valuation every time somebody put money into the fund-which is clearly impractical—new or existing unitholders were going to lose out. I was impressed by the clarity of his arguments and the fact that he was prepared to go against the herd."

Mr Blair followed Mr Morley's progress from the Iraq fund when Mr Morley went back to Shell (he had done a previous stint with the oil majors). Mr Blair was later surprised to hear that Mr Morley had retired early to concentrate on his goif swing. He was glad to find that not long afterwards, however, that the investment manager had come out of retirement to set up his own independent counselling ser-vice Geoffrey Morley and

At that stage (1970) Massey Ferguson was looking around for new management exper-tise and after considering more conventional sources (e.g. several merchant banks) the company decided to take



Geoffrey Morley: performance consistent

on Moriey. Mr Blair then moved to Debenhams with a brief to reorganise the group's pension fund manageent and given his satisfactory experience of Morley at Massey the obvious course to him was to hire the same

"His philosophy is pretty straightforward and, importantly, it is intelligible to the trustees. He believes that recent history of the UK shows that fixed interest securities do not keep pace with inflation and that this reduces a company's ability to meet its ultimate liabilites."

Mr Morley believes that property and equities are the best long-term investments. "During the 12 years I have been associated with him at Massey Ferguson and Debenhams his performance has been as consistent as anyone in the business," says Mr

Mr Blair also has a lot of time for other members of Morley's small team, such as Norman Pilkington, who was his successor at Shell, and Alistair Ross Goobey.

He would not, however, stick unthinkingly with the present managers if their performance started to pale pointing out that this is measured in an "effective" way. " Performance tables can be very dangerous if you concentrate on what is happen-ing in the short term.

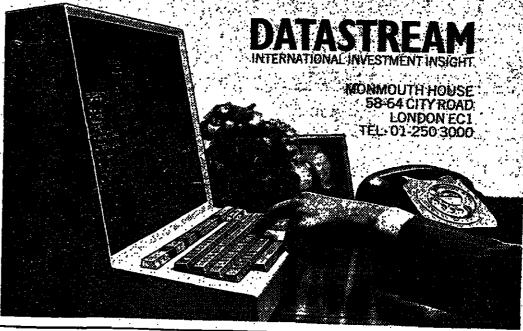
"Until the day comes when they cannot deliver the goods or another organisation can show that they can sustain a better track record, I will be very content."

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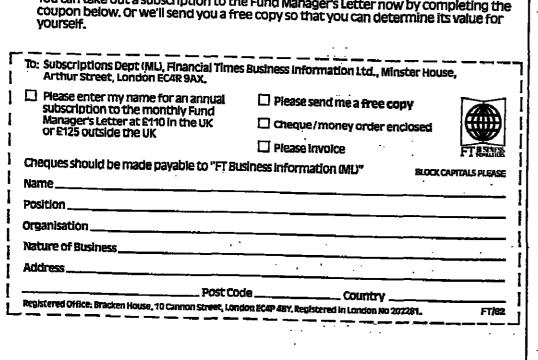
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Portfolio has trio of managers

London University

DUNEAN CAMPBELL-SMITH

THE ROYAL AIR FORCE one in the air. A university needs rather fewer ground staff for each of its opera-tional academics — but the parallel is there, says Mr Nick Ryan, pensions mana-ger at London University. In fact, the university employs just under two backemploys just under two back-up staff on average for each teacher. This means there are currently about 10,800 people—library and computer staff, laboratory technicians, cooks and engineers - who look to Mr Ryan's superannuation fund for their

The result is a £40m fund with a new money flow of about £10.5m this year. Where it will flow to is of particular interest in 1982 because last year saw the fund's second major reorganisation in five years.

Mr Ryan and his colleagues back over the nmer to take a view of their fund's performance since 1976. It was the first period of self-administration, a group life cover and basic pension scheme having been provided before 1976 by Legal & General

had mixed feelings. The proportion of the fund managed by Charterhouse



after 10,000

Japhet had grown from 20 per cent to about 80 per cent. The relationship looked a happy one and it still does. On the one hand, the manager makes an effective contribution. "The time-

weighted performance by Charterhouse Japhet over the period was about 16 per cent annually on a gross hasis," says Mr Ryan. On the other hand, the fund's committee has a direct hand in management decisions. The university attaches

importance to this. It allows the fund to avoid investing in South Africa, for example. It also gives it control over broad policy decisions, such as the priority to be accorded overseas equity investment. (Since 1979, the fund has decided to place a maximum of 25 per cent of assets in foreign securities.)

happy, however, about the part of the fund managed by Legal and General. This manager's strength seemed clearly identifiable with its property portfolio. In other press, the university thought that performance and the degree of influence open to

the in-house committee were both less satisfactory.

There was an obvious solution and it has been applied: Legal and General will now manage funds set aside specifically for property investment—expected to be about £1.5m this year. Its non-property portfolios have been transferred to another manager which will operate alongside Charterbouse

manager which will operate alongside Charterhouse Japhet.

The fund committee looked at four possible new managers. Barings won the day, beating one professional fund manager and two stockbroker firms. It will receive new money of about £3m this year, leaving £6m for Charter-

house Japhet.
"We like Barings' overall presentation," says Mr Ryan, "and their expertise in the Pacific Basin will complement Charterhouse expertise in North America."

But working with a merchant bank also offers a general advantage, he thinks even though it means paying management fees as well as broking commissions. "It boils down to paying more to reap the advantages of a wider choice." A merchant bank, that is, can call upon the research services of the whole broking community. No single research and contacts, seems able in the university's view

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the various services nov offered by the Prudential Assurance—the second largest pen-

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management was part of the whole package provided by insured schemes with the insured schemes with the gated fund management service, underlying investment mix of where clients held shares and UK and overseas equities and properties, instead of units. But

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property and fixed-interest. The investments were held as part where the funds are of sufficient of the life fund and the return depended not only on investment performance, but on the actuary's method of releasing and distributing profit.

Pru launched its managed fund operation Prudential Pensions, THE CHANGING role of life taking a different route from companies in investment man ether life companies. It offered agement of pension funds is three funds—equity, property well illustrated by the evolution—and—fixed-interest—now—exea to four with the tion of overseas equities in its own fund. For clients leaving all the investment decisions to the Pru—the vast majority the Pru-the vast majority-the managers recommended proportionate holdings in each fund. The current recommen-dation is 42.5 per cent UK equities, 10 per cent overseas equities, 22.5 per cent fixed-interest and 25 per cent pro-

separate mixed fund for those

clients who leave all the deci-Last year the Pru branched out and offered clients a segre-

exchange investments, the port-folio must be at least £15m. For a separate overseas portfolio there must be at least £5m and for a segregated property the portfolio must be £50m. Other-More than 10 years ago, the wise the expenses of the service are not justified.

No elient has yet asked for a segiegated property portfolio, despite the Pru being fully equipped to offer this service. prefer to link with a leading

For separate stock

The Pru is finding that very whole portfolio. Increasingly, it manages part of a fund and is in constant competition with merchant banks and stock-

brokers. One of the Pru's first clients for the secregated fund service was British Aerospace. Formed from two major companies— British Aircraft Corporation and the aero interests of Hawker Siddeley, it has pro-gressde from insured to manages to segregated funds. Mr Don Norwodd, pensions fund manager of BAe, sees this as a logical progression as the funds

BAe uses three managers for its equity and fixed interest investments — Warburgs and Lloyds Bank Investment besides the Pru, with the majority of Rates the last new money going to the Pru. Like most funds making the switch it has closed the managed funds and segregated the new money, rather than pay the surrender penalty by cashing in

the managed funds.

New property investment is made directly through Jones Lang Wootton and has grown to £12m. But overall property investment now stands at £81m including the closed property funds with the Pru and others BAe was aware of the Pru ser vice for direct property, but took the decision to manage its

This decision can be regarded as heralding the ultimate move to in house investment of all its portfolics by BAe. Mr Norwood says this has been discussed but

There is no suggestion that

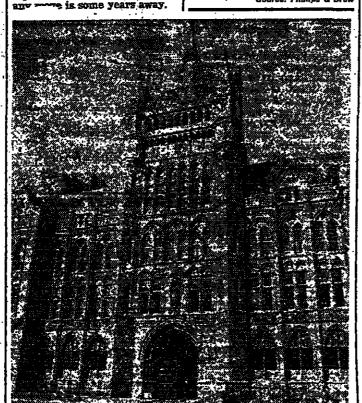
located office investments show vields down to around 41 per ingly, become very selective but even here prime yields have remained at or below 6; per cent, menon in view of the volume of space available on the market (though not all of institutional standard).

The major factors determining the institutions' acceptance of such relatively low returns include the large amount of available investment cash in the hands of the institutions and their desire to maintain strategic portfolio mixes.

including property unit trustsdirect participants in the development market, enabling vestment and total pension fund

Conditioned

A preference by the institu tions for prime property in a market of relatively limited supply is perhaps the single biggest cause of the present low yields and there is no doubt that. ill continuing to accept such low returns, the funds have been conditioned by high perform ance in the property sector since the last part of the 1970s. But, as Ellis points out. if



Still well regarded for the long term

Property MICHAEL CASSELL

ONE SECTOR of the overall investment market cannot be expected to out-perform all others in perpetuity and this With positive "real" interest rates continuing in financial markets, both gilts and equities are likely to produce better results than property at its pre-sent yield levels over the next

The statement comes from Richard Elüs, estate agents and investment advisers to some of the UK's largest pension funds and it neatly encapsulates the present thinking on the relative merits of commercial property

year.

the underlying confidence in property's investment potential has waned in the face of its recent weakening performance but there is, equally, a general view that for the time being at least prime property may simply be too expensive.

Against an economic background of continuing recession, high interest rates and a volatile stock market, prime property in-vestment yields have remained unexpectedly low.

Heavy demand has pushed prime shop yields down to around 31 per cent while wellcent. The market for industrial investments has, not surpris-

turns on both fronts were very close to each other. In the case of property unit trusts, the average annual return ran to per cent per annum on equities. In recent years, property in-Sales of property by pension funds may have increased as

portant for the pension funds. From being less than 5 per cent in 1967, property investment has grown to approximately 17 per cent of the assets of the average private pension fund. The very largest funds have become increasingly important available. Last year alone, the

them to maximise the yields The pension funds seem to institutions sank an estimated £2bn directly into property inexposure to property is now estimated at nearly £9bn.

prime property is for the time being considered to be too expensive, it could well be that in the past it has been too cheap and that only today is it achiev ing an appropriate degree of

Rates of rental growth over the last five years would tend to support this view and although the immediate outlook on this front looks somewhat less than

· AN	INUAL RETU	RNS
Year	Return on property unit trusts %	Return on equities %
1973 1974 1975	23.1 -21.8 5.7	-28.8 -51.7 150.9
1976 1977 1978	4.4 25.4 19.2	1.7 48.8 8.2
1979 1980 1981 H1	21.3 18.1 7.7	11.1 35.0 12.9
Average 8½ yrs	ILI	10.8
:	Source: Phi	ilips & Drew

Drew: "Property is intrinsically property transactions are carried property investment is in itself encouraging, the long-term prospects for rentals may also lend suitable as a long-term investout in what amounts to comparament since it can be expected to tive secrecy, unlike the equity produce an initially fairly low market where prices for marstrength to the argument. Research carried out but steadily rising stream of inginal transactions are always Phillips and Drew, the stock-brokers, underlines clearly the come." The same is true, how-ever, of a portfolio of high quality equities and, indeed, the place means that, in the technibetween property investments and equities during individual years but at the same time have little or no experience. high rates of equity dividend cal sense, the property invest-growth have been one of the im-portant features of pension fund the equity market. illustrates the similarity in perinvestment in recent years. Phillips and Drew says that, formance trends over the longer-Equities are not, however, always treated as an intrinsically in this respect, there may be more scope in property than in The firm's property unit trust index an arithmetic index of the prices of 11 leading exempt long-term investment and can equities for using superior incertainly be traded profitably. formation to produce a superior performance, although the lower property unit trusts and manlevel of liquidity in property aged funds, shows that between 1973 and 1981 the average re-

The difference, explaining why property investment should sensibly be regarded as a long-term proposition, must therefore be sought in other features. The 11.1 per cent, compared to 10.8 relative lack of liqudity may be

one outstanding reason. In the property market, some but they nevertheless remain relatively limited. Such low ment or complex financial arrangements are ment and not traded on a short-

their portfolios have matured

activity rates are consistent with

the view that property should be

treated as a long-term invest-

According to Phillips and

term market view.

But a significant volume of management in the sphere of vailing rate of inflation

may make it difficult to realise some of the profits in question.

Property Share Vield as a percentage of All-Shave Vield

> With this factor in mind, the number of property performis now proliferating, although the debate on the most useful, accurate approach to this type of analysis is far from over. Attempts to establish such comparative exercises has at least highlighted the management weak-

heavily on the recruitment and retention of investment consultants to steer them through an area in which they themselves

The question of overseas doubts about the funds' capacity to enter such potentially highrisk waters out into the open. While most adopt the comparatively low-risk policy of buying into existing property investment operations, their ability to sometimes been in question and only time will tell whether the rush of investment activity in provided the type of returns the funds have been seeking.

But whether at home abroad, as long as capital values inflation and portfolio income offers a real, long-term return, property should remain a parti-Expenses in property transactions are comparable with, or a little higher, than those in equities.

Responses in property transactions are comparable with, or a little higher, than those in equities.

Responses in property transactions are comparable with, or a little higher, than those in the type of base data required. It is the type of base data required. The quality of pension fund fore, relate directly to the prevehicle for pension funds, whose

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PENSION FUND INVESTMENT VIII



Mr Len Murray, TUC general secretary, and (far right) Mr Ken Livingstone, leader of the GLC, favour using pension funds to help start enterprise boards. Lord Lever (middle) believes the risks involved are not appropriate

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IT WAS recently estimated measures to deal with specific consuming task and one which that something like £300m to problems.

Consuming task and one which most fund managers with £400m is invested by UK pension funds in small com-panies, including all forms of direct and indirect holdings and nursery units, compared with total UK pension fund assets of over £50bn.

Before politicians throw up their hands in horror, they should perhaps take a look at what is happening in the U.S., a country which is often held out as a model for those wishing to encourage more venture capital in Europe. At the middle of September last year one estimate put the amount of money committed to "venture" type investments—via private venture capital firms, small business investment companies (SBICs) and subsidiaries of corporations—at about

Some of this was clearly eccounted for by pension funds. largely through indirect support, but as Mr Stanley Pratt, obstacles - been ahead tion points out, a mere one per cent of the estimated £730bn private and public sector pension funds in the U.S. would more than double existing venture capital investments in that country. Although it is fair to point out that American funds were held back by legal problems until 1978, the U.S. pensions industry is far from being the "shining example" which some people would have us believe.

Much of the pressure on UK pension funds to turn a tiny part of their huge resources to the smaller company sector is political. Awareness of the importance of the small business sector has grown significantly since the publication in

which trusts and particularly

specialist trusts have been attracting. But there is more

to it than that. After the aboli-

tion of exchange controls in

which, in the absence of in-

It has quickly become the

conventional investment wisdom

since that watershed in UK economic history that geographical diversification is just

as important for pension funds

as spreading their assets across

a number of industrial sectors.

Although a sensitive political

issue with some trade union

trustees, investment institutions

have therefore shifted signifi-

cant same of their money into

overseas stock markets in the

house pension fund knowledge and skills, often require outside

have

specialists to exploit fully.

1979, investment

opened up

October,

A more potent influence, however, was the Wilson Report on the City, or to be more accurate the expectation that the Committee to Review the Functioning of Financial Institutions might find that pension funds were failing to cary out their "responsibility." In the event the committee agreed that many of the problems of British industry were "neither of the institutions' making nor within their capacity to solve." the feeling that pension funds should show they were trying "to do more"—and Wilson's identification of the need for more encouragement—certainly seems to have inspired some managers and trustees.

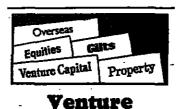
The focus of the "political" debate is currently centred on local authorities. The West Midlands County Council and Ken Livingstone's Greater London Council have—despite legal obstacles—been ahead with plans to siphon off significant amounts of pension fund money into local enterprise boards, which in turn would promote local industrial and commercial

Earlier this month Mr Len Murray, TUC general secretary, said in London that the TUC will be urging trade union trustees to get their pension funds to co-operate in the establishment of similar enterprise boards. At the same time it is trying to restrict the invest-ment of pension fund assets

overseas. Political there are a number of good reasons why pension fund managers are generally reluctant to commit significant sums to small or new companies-1971 of the famous Bolton directly, at any rate. Finding problem is the unwillingness of Report, which proposed certain good opportunities is a time many owners of small companies

limited human resources at their disposal do not even attempt. "We prefer to spend our time doing other things which we

can see more clearly offering a better return," says one. Given the management effort time required to take



capital

TIM DICKSON

venture capital seriously most managers acknowledge the insignificant impact small comfunds' overall performance and therefore on the size of their members' ultimate benefits which they are employed to

Even this of course assumes that stakes in small companies prove a success. The picture of little firms growing big is the one that gives venture capital its appeal, but, in practice, the majority of new businesses stay small, some go bust and only perhaps one or two in 10 hit anything like the jackpot.

No reliable figures company births and deaths in the UK are available but the anecdotal evidence of professional venture capitalists would certainly bear this out. Another

shareholder worth its salt should

No less a figure than Lord Lever, the independent-minded Labour peer who masterminded the last Labour Government's small firms policies, pointed out recently why pension funds are structurally unsuitable vehicles for taking stakes in small companies. "The kind of risks are not appropriate," he said. Pension funds are geared up to put £10m into GEC but not £10m into a hundred or so small ventures. They do not have the local knowledge nor the business brains nor the sort of individuals who I would like to see perforing this function with their own money."

In spite of all the inherent drawbacks, some funds (notably he National Coal Board Pension Fund and the Post Office Staff Superannuation Pension Fund) have committed part of their panies and into small nursery use by emerging units for

The experience of the Post Office, however, as explained in the fund's last annual report. illustrates another problem with the venture capital market. For out of the many propositions brought forward via the £10m Dol pilot scheme in the year to last March only two (involving £100,000) turned out to be suitable for investment. This seemed to reinforce the frequently heard comment that there is too much money chasing too few good opportunities. Since 1977, however, the NCB fund has invested perhaps £100m itself in venture and development projects.

An alternative strategy for a

to give up a share of their pension fund is to support with equity and the regular monitor- cash one of many specialist ing which any institutional venture capital vehicles in the UK and let their experts get on with the job of picking winners. The NCB fund, for instance, has backed Thompson Clive Capital Growth Fund and Lovat Enterprise Fund, both of which direct their resources to the smaller company sector. Other examples include Moracrest (owned by the British Gas Pension Fund, Midland Bank and the Prudential), Meritor (Midland and the Rolls-Royce Pension Trust) and Candover which was formed by several investing institutions including the BP and British Rail Pension Funds to help finance managers wishing to buy into the businesses they operate.

Merchant banks are playing increasingly a role here and there are at least two in the City in the process of planning vehicles which would marry pension fund money and their contacts and expertise at picking suitable investments. The suspicion remains, on the other hand, that there may be too many people putting themselves forward as "venture capital" experts and not enough good opportunities to keep them all in business.

There is no getting away from the fact, however, that a staggering proportion of the nation's private and public sector pension funds and that many small companies would be grateful recipients of even a very tiny slice of the money. The support of specialist funds is a far better way of resolving this problem than simply chucking "conscience" money at a few lucky applicants or siphoning off resources for political reasons into enterprise

Letting in professional management

fund managers can either invest directly in shares, fixed interest and property or, if they lack the Who cares about necessary resources or expertise. they can purchase units in a unit trust. This choice has for many years been available to those managing private and public sector pension funds and, pension fund mirroring the experience of individuals (who bought units in record numbers in 1981), performance? there would seem to be a certain amount of evidence that some managers are taking more readily to the unitised route. This may, of course, partly be as a result of the publicity

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LIRE AN individual, pension have engineered this on their because they can be advertised tax in this case). Others, including the mer-chant banks which manage so

many billions of pounds of pension fund money, will have used international and other overseas specialist unit trusts to achieve their purpose (The merchant banks usually use their own funds for convenience, rather than constructing separate portfolios for their clients).

In the case of overseas equity investment the motivation for using specialist funds is to hire Another area where unit trusts are used is property (a more traditional form of pension fund investment) with the reason more likely to be economy of scale. Regular valuations would be needed if property unit trusts were to be entirely equitable for buyers and sellers but the spread of risk which they provide offers a much better bet for the smaller pension fund than one or two lumpy

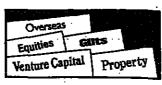
individual holdings. Specialist funds, therefore, given pension funds diversifica-tions in particular areas of investment and open the door to more professional manage ment than could be obtained from using internal resources. It is also worth pointing out that the tax position is more advantageous than it used to

last couple of years pushing the proportion of assets outside the Broadly speaking there are three types of fund on the mar-ket—authorised, unauthorised, UK in many individual cases above the 10 per cent. Many of and offshore. Authorised unit the bigger funds, of course, will trusts are the best known and offshore. Authorised unit ised

own, certainly where investment by the managers—though they in the U.S. and Japan are concerned.

Others, including the merchant banks which manage so Act authorised unit trusts paid capital gains tax on disposals inside the fund. This put pension funds, whose assets can be built up free of all taxes, at a disadvantage,

Pension funds had thus tended to opt (where available)



Specialist trusts TIM DICKSON

for unauthorised unit trusts which were (and are) free of capital gains tax and did not put their institutional investors at this technical disadvantage. Authorised vehicles, on the other hand, do still suffer from one drawback, namely that corporation tax has to be paid on the excess of unfranked income over expenses. This means that technically unauthorised income on which only income

The abolition of CGT on authorised unit trusts in 1980 otherwise removed the differences between the authorised

and xempt vehicles. Besides specialist overseas funds smaller company funds tend to be popular with pension funds and commodity funds (such as N. M. Rothschild's Old Court Commodity Fund) are used by the more ambitious. Commodities are generally considered too "speculative" for most pension fund trustees while there is little sign that any of the currency funds have found takers among the institutions.

Here are some comments from a range of investment managers on the question of specialist funds:

Matthew Oakeshott, of the £300m Courtaulds Pension Fund, says that the fund had some money in a commodity. exempt European and exempt Far Eastern Unit Trust. Courtanids however, developing its own European and Far Eastern expertise though Oakeshott does like some investment trusts as an indirect method of investing overseas and in unquoted companies. "Funds are useful for diversification and for those with limited resources resources but management in house is cheaper and easier to control." Fidelity

come over expenses. This means that technically unauthorised overseas trusts (which would structure a stream of unfranked receive a stream of unfranked major UK pension funds and is using its specialist overseas tax is payable) are a better bet unit trusts for this purpose. for pension funds than author-for pension funds than author-ised overseas trusts (which to pick up more clients in this would be liable to corporation field and feels that some

pension funds are looking for other managers to compete with the merchant banks. Fidelity also runs offshore funds and says that some 75-80 per cent of its \$120m Pacific Fund is held by pension funds and insurance companies. Hill Samuel looks after

massive £1.6bn of pension fund

money and points out that funds are particularly useful mediums for investment in agricultural land, commercial property, small companies and overseas markets. " It depends very much on the size and objectives of the pension fund trustees," says Roger Kitson of Samuel Hill Samuel Investment Management. He is not keen on non-income producing assets like commodities for a pension fund and as for currencies. We would do this ourselves." Britannia Institutional Fund

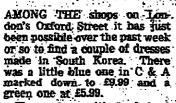
Management invests on behalf of pension funds, charities and insurance Britannia's Peter Baker says that a typical £2m pension fund portfolio is split 60-40 between "core" and "performance." We generally use a fund for the core part of the portfolio and pick individual equities for the rest."

"I certainly think that acceptance of unitised vehicles is greater among pension funds than it was three to four years ago. In the post we have always assumed that the market for unit trusts is the private investor. We are however, now putting more resources and into getting pension funds and insurance companies more involved. That is where we think the future lies."

TEXTILES IMPORT FLOOD

The case of the million dresses

By Anthony Moreton, Textiles Correspondent



The racks positively bulged with dresses from virtually everywhere else. A pure silk dress from China in Seifridges was selling at £9.95 and one in polyester georgette (a silk-like material) from Hong Kong at £139. There were acrylic jumper suits from Taiwan at £14.99, knitwear from Mauritius, Malta Cyprus and Taiwan not to men tion clothes from Finland. Germany, Italy and France.

The virtual absence of any thing from Korea is surprising because last year that country sent nearly 1m dresses to the UK alone and caused problems within the Multi-Fibre Arrangement, the world agreement which tries to regulate trade in textiles and garments.

The case of the disappearing Korean dresses is a typical example of the way in which industrialised countries react too slowly, and often too late, to a sudden flow of goods which can do enormous damage to U.S. or European companies. Meanwhile the future of the MFA itself is increasingly in doubt. It has not proved flexible enough in the face of low cost imports. And the EEC Commission has also proved slow to respond to breaches of the

No one knows quite how many dresses the Koreans actually sent to Britain last year. The Korean embassy in London refuses to give a figure, saying the information could only come from the Department of Trade. But the British Government has no idea because the civil servants' strike last year prevented the collation of import figures between March and

We do know, by accident, that the Koreans sent 860,000 knitted and woven dresses to us between January 1 and September 19 last year, because the government in Seoul gave this information to the Euro-



"If you ask me the :Koreans are exceeding their REC quota of dresses again!"

British manufacturers say bitterly that they simply cannot match the prices charged

by the Koreans: the average wage cost in Britain is about £2.95 an hour, but only 73p in Korea. In Indonesia wage costs are about 35p an hour. In Sri Lanka they are a mere 8p. The MFA is operated under the auspices of Gatt (the general agreement on trade and

tariffs), involving EEC countries, the U.S. and some 40 countries, many in the Far East, providing low-cost goods. It began in 1974 as an attempt to regulate the flow of goods from low-cost suppliers, so as to allow an orderly reorganisation of the European and U.S. industries, and in theory it should be able to control a sudden surge of imports such as happened last year with Korean dresses.

There are all sorts of mechanisms such as trigger levels, which are points at important MFA supplier. which action can be taken, and basket extractors. If an item not subject to a quota suddenly becomes a disruptive influence on the marget it can be taken off the quota-free list (extracted from the basket, in

to a ban on the shipment of Europe, where the Commission pullovers, anoraks or under-these dresses to Europe. acts on behalf of its 10 wear. members, this simply does not happen.

> Textiles and garments have been divided into 123 cate-gories, ranging from highly sensitive products in categories 1 to 8, likely to cause dis-ruption and unemployment in Europe if too many come in, to relatively innocuous products in category 123.

The EEC negotiates EEC bilateral agreement with each supplying country and under that agreement negotiates quotas on individual products. That total is allocated among the 10 EEC countries by a complicated formula which takes into account historical trading patterns.

Korea was not party to any bilateral bilateral agreement but, according to the British Clothing Industry Association, has now been given a quota of 430,000 dresses for the UK

pean Commission. The EEC had received complaints from both reactived complaints from both reactived complaints from both reactived complaints from both reactived complaints from both reactives flooding their countries and sent a delegation to the Korean capital in September. What it discovered there led action being taken swiftly. In

taneous three-month re-pur-

They are unlikely to be beaten

unemployment? Do they have

happy customers or a contented and hard-working labour force?

replies 'by abolishing the power of the City'", be plainly

misunderstands the question.

clothes, etc. in the City to fili

the shops to redeem wages paid for work done uneconomic-

ally. Would he please cite an

example of a working economy of the kind he and the Labour

Is it sensible to risk destroy-

in the hope of putting some of

to work? Surely sensible economic management tries to

maximise production not mimmise unemployment. If, as in

this country, a situation arises

where the workers have such

power that it is possible to increase output by 10 per cent by increasing unemployment by

5 per cent then it is sensible to do so until inflation is beaten

and the workforce stops con-

suming more than its proper share. To continue "Keynesian"

policies when unemployment is

Party propose for Britain?

When he writes "Socialists . . . are always asked 'where will you get the money from?' and

Like so many other Far countries, it has capacity, enough to Eastern flood the European market with all sorts of low-cost clothes, and when its quota of one low-cost garment has been reached it is relatively easy to switch to an-other line. It is the sheer other line. It is the sheer capacity of the low cost sup-pliers that worries the European

Korea is not an isolated example, though it is considered to be a particularly serious one because it offers little in return. British goods attempting to get into Korea have to clamber over an 80 per cent tariff wall, and extras take the figure up to 100 per cent.

South Korea also vets applications for import licences extremely carefully which it can do with impunity because nonfiscal obstructions to trade do not fall within the ambit of

alone, making it the third most important MFA supplier.

What worries the association is not just that Korea has jumped ahead of the other nine countries with which bilateral agreements have been reached, but that it has developed the capacity to supply so many

against British capital goods and it took a lot of time and ministerial effort to defuse the ensuing row.

The European Commission reacts exceedingly slowly to complaints that markets are suddenly being flooded with imports from one source. Its response to the South Korean dresses. was comparatively quick, but even so four times as many dresses had entered the UK in the first nine months of last year as in the whole of the previous year before action was taken.

There is another problem. The Commission is frequently accused of taking a "political"

view of a trade matter.

In cases involving the Philippines, for instance, it has been reluctant to act because it is relation to the growing market for European goods in the countries belonging to the ASEAN pact—Malaysia, Singapore, Indonesia, Thailand and the Philippines.

The EEC considers these to be important markets for Community goods, especially those from West Germany. It is therefore loath to take any action on textiles coming from those countries for fear of retaliation against European capital goods.

And the British industry fears that after Korean dresses there are any number of cloth-ing items waiting to grab a share of the market. Women's knitted suits from Korea Macao, Thailand or Singapore could be next. In the first three months of last year 136,000 came into the UK from Macao alone, although the EEC was supposed to act after the total had gone over 29,000.

In the case of Thailand, 35,000 had arrived in spite of the existence of a trigger level of 29,000. And steadily growing numbers of men's overcoats and women's woven suits from the Philippines are watched with anxiety.

The MFA has not proved sufficiently fiexible to stop the flood and the EEC tends to react too slowly to prevent them scoring frequent goals. That is why Britain, France and Italy are threatening to pull out of the MFA un-less the growth of imports is The March Budget

Why British industry needs new sources of finance

By Gordon Pepper

dustry but for the authorities

THE MEASURES I wish to consider have no immediate political appeal but it is important that some of them should but it is hard to see how this can be done within the present be included in the Budget or system of regulation in the introduced soon after. They are all possible remedies for a little A more feasible solution understood but increasingly would be for the banks to

serious technical problem, namely, the growing disequi-librium between long and short term markets for credit to provide the finance. There could be a scheme of govern-ment refinancing similar, for example, to the old one for in the UK. In my view, there is still time for remedial action but, if none is taken, there export credit. could be dangerous implica-tions for both financial markets A much better solution

and the economy, perhaps at a term finance to be provided by time very near to the next sion funds and other long-term savings of individuals. The problem would disappear if in-The credit problem in the UK is deep-rooted. When interest rates rose way into double figures some ten years dustry would resume borrowing ago, industry stopped borrowing in the long term market because of the risk of loss if

neutralise the impact on the money supply, both this and the last Government have been

repaying previous government

borrowing from the banks. The necessary funds to meet these

repayments have in turn, been

raised through gilt-edged issues, ie, in the long term

A crunch point has now been

reached because, for practical

purposes, all such government

borrowing from the banks has

now been repaid. The room for

manoeuvre within the banks' balance sheets has been ex-

bausted and that within the

Bank of England's has almost gone too. The overall result is

that unless this severe technical problem is solved, an

economic recovery in the near term cannot be financed by the

banks without there being an

explosion in sterling M3, with all the inflationary conse-quences if this is allowed to

occur during an economic up-

One solution would be to

encourage the banks to enter

swing, as it was in 1972/73,

market.

These discriminatory interest rates subsequently fell. Instead, industry turned to the tax laws favour publicshort term market, principally to the banks.
Such borrowing from the sector debt; they ought banks is not in itself inflationto be amended in the ary. When it is financed by an increase in short term deposits, Budget 9 however, the money supply is increased and the inflationary potential is clear. In order to

in the long-term markets. How can these markets be reopened? The snag at the moment is the cost. Although Barclays Bank has just raised long-term funds at a fixed rate of interest of 16 per cent, the indications are that industry is not pre-pared to pay much more than 13 per cent. One possibility is the issue of variable rate rather than fixed-rate bonds, but it appears that investor appetite for such issues is modest. Apart from waiting for interest rates to fall, what can the Budget do to help?

The Budget could first remove the existing forms of discrimination against the corporate borrower. One of the reasons why a corporate bond has to be issued at a higher yield than a gilt-edged stock is that an investor in the latter is exempt from taxation on capital gains on stock held for more than one year. This concession should now be extended to corporate bonds.

the market for long-term rent tax law discriminates savings, as they do in Germany, against the issue of "deep disbonds, ie. bonds on lower coupon than usual in return for a capital profit at redemption. Such issues are potentially attractive to the issuer because of a beneficial impact on eash flow during the early period of the bond's life. At present, the Inland Revenue discriminates against such issues by not allowing the difference between the pruceeds at issue and the capital repayment at redemption as an expense in the tax computation

> These discriminatory tax laws favour public-sector debt; they are forms of "crowding out." and ought to be amended in the Budget.

> Finally, should there be discrimination in favour of the corporate borrower. The Grylls Committee of Conservtive backbenchers has proposed that on loans for specific projects companies should pay interest net of corporation tax at the point of interest payment. any scheme of this sort applying to bank loans; there is, however, an excellent case in favour of some such provision for other sources of finance. Another possibility is that in dustry should be allowed to issue "tax exempt bonds," ie, bonds on which the holder would be exempt from the basic rate of income tax on the interest received. Although such changes in taxation would increase the PSBR, the overall effect should be a substantial reduction in sterling M3, and industrial financing would be put on a much sounder basis than at present.

The Chancellor showed that he is aware of the problems discussed above when he appeared before the Treasury Commons last November. It is a pity that the various possibilities are not being debated openly instead of being lost in the shrouds of budget secrecy but I am hopeful that some remedial measures will be included in the budget.

Gordon Pepper is Joint Seniot Another example is that cur- Partner, W. Greenwell and Co.

Letters to the Editor

Financing the support operation on the LME for tin Belfast is in

From Mr A Lipmann. Sir,—Your article on tin (February 15) is possibly mis-leading concerning the support operation on the London Metal; donesia—before and after the Exchange—that of the financing.

It is totally misleading to suggest that if you take the quantity of tin thought to have been bought over the last seven months by the support buyers, multiply it by the average price, you will come up with a figure for the cost of the operation. This simple arithmetic can be the only origin of the figure of £350m which your writer says the operation cost.

It is this kind of misconception which led those who sold short to do so in the belief that if that kind of money was being spent the market support would crack. In the event those sellers were

The only true cost is the interest on money borrowed in order to remove surplus metal from the market. If the opera-tion had not taken place that metal would have had to be financed anyway. The true way of looking at the operation

Proposals for London

London Transport
Sir,—I wholly endorse your

leader of February 15 "Transport policy off the rails."

May I, however, make clear

my own view on the future in-

stitutional structure under which London Transport might

As I suggested in my evidence

before the House of Commons committee on transport for

London on February 3, I believe

that ownership of London Transport should, logically, be

transferred to the Department

of Transport, but that policy

should be set through a policy body representative of the

(not an authority, which is a

proper title for an operator)

from London MPs, the London boroughs, the shire counties

concerned (Berks, Bucks, Essex, Herts and Surrey), Greater London Council and,

perhaps, consumers as well. That is broadly in line with

Certainly, such a policy body would be likely to bring much

more stability towards meeting

your own proposals.

ould include representatives

elected bodies concerned.

Transport

best operate.

From the Chairman,

therefore is to compare the real demand. If a corner had value of the joint production of the three major tin producers -Malaysia, Thailand and Inoperation.

If this is done you come up with the following figures: Value of joint pro-duction if sold at £m average £6,600

Value of joint pro-duction if sold at £8,870 (LME settlement, February 2) 1,131.81 Total increase in sales

value of yearly pro-

If we take your figure that about 45,000 tonnes had to be bought in order to achieve the current cash price the cost of borrowed money at, say, 15 per cent interest, would be £52m if the stock was held for a whole year. The cost can therefore be easily written off against the £289.81m higher revenue to be realised by the

higher price. The operation on the LME though and the tin price is just continues to be carefully managed. Great care has been taken Anthony A. Lipmann. by the support buyers to M. C. Brackenbury and Co., release metal where there is 19, St Mary-at-Hill, EC3.

making possible co-ordination

and rationalisation of the

different, and specialised, trans-

port services provided by

London Transport, British Rail

and National Bus Company

while, for reasons of good man-

agement and the gaining of the

best value for money (not.

I believe that specified levels

of service provided at contract prices, backed by a pound-for-

pound subsidy at realistic fares,

could offer the standards of

public transport for London

which the nation and the capital

different operating

remain separate.

is entitled to expect.

55, Broadway, SW1.

management

From Mr P. O'Brien

the needs for public passenger of public ownership a cause of 51, Harpesjord Avenue, transport in London as well as inflation, industrial decline, and Virginia Water, Surrey.

Sir.—Professor Andrew Glyn's article, "Time to seize the commanding heights" (February 10), raises questions which I

should be grateful if he would

What happened to the last

Such a transport policy board Sensible economic

(Sir) Peter Masefield. London Transport,

achieved by mergers) the There is no stock of food,

bodies

lot of commanding heights below its natural level (a seized in 1950? Coal, steel, the railways, electricity? Are not their high costs after 30 years

developed it would have meant From the Chairman, Harland that no metal at all was being and Wolff released at any price. This is

Sir.—I refer to the possibly damaging article on the front page of Monday's issue relative not the case and any metal released at the higher cash prices re-purchased at the lower to the present position of Harthree-month prices. In this way iand and Wolff. the buyers may release metal to

In order to correct the immeet demand as and when it pression that the shipyard can occurs but by their simulonly be kept open if it is given increased cash subsidies, I would like it to be known that: action taken by the company chases maintain control of the Those who still misunderduring the past year stand the motives of the enabled it to operate within the ceiling of Government financial Malaysian operation also misunderstand its strength and implications. What we are assistance for 1981-82 which was agreed upon a year ago; and that further steps now being taken should similarly enable seeing is not just a buying operation on the LME for a short term profit—but a ruththe company to operate during 1982-83 within the figure of less self-protection of ASEAN interests. It is a process of Government assistance which reverse colonisation that goes was also under discussion some far beyond the LME and there 12 months ago. is some truth in the Malaysian cry that as soon as they have learnt the rules of the game we are intent on changing them.

The above are facts and clearly indicate that although the company is still dependent upon Government funds it is making every effort to keep within pre-determined cash measure of success.

Articles such as appeared in Monday's issue create grave doubts in potential customers minds as to the wisdom of considering the Belfast shipyard as the proper place in which to build future tonnage. It is therefore, essential attempting to report current situations that great care should be taken, not just to avoid mis-statements of fact, but also to ensure that the overall impression is one of fact

Vivian Wadsworth (Dr), Harland and Wolff, Belfast.

ing the jobs of the 90 per cent at work by a runaway inflation No hold-ups across the long-term unemployed back the Channel

> From Mr J. Johnson Sir,—And just who are going to drive Mr Gueterbock's trains (February 12) round the clock-

It is precisely because of this reliance on a third party to. drive the trains or sail the ships that I remain a firm supporter a channel tunnel/bridge which would allow any member of the public to drive across with minimum of delay.

below its natural level (as James R. Johnson. Keynes would have described " Rivendell." 43 Denmons Lane, Haywards Heath, Sussex.

Every bank can make sure your exports are paid for...



A commercial transaction is rarely straightforward when buyer and seller are on opposite sides of the globe. Documentary credits and bill collections should make things easier for importers and exporters rather than complicate this complex and vital area. of international trade.

Standard Chartered Bank's presence in more than 1500 offices in over sixty countries allows us to advise our customers on trading practices, pin-point problem areas, suggest the best method of payment, provide status information on prospective partnersin short, offer the kind of service that has twice earned us The Queen's Award for Export Achievement.

As Britain's largest independent overseas bank Standard Chartered's wide geographical coverage gives flexibility in the provision of finance and direct branch-to-branch links to speed both the completionof transactions and the remittance of proceeds.

Our range of services both overseas and at over twenty British branches is exactly what you expect from any dynamic, progressive bank; the global experience which lies behind it is what makes us distinctively what we are.



ment

UK COMPANY NEWS

GrandMet quarterly sales rise

at Grand Metropolitan moved with increased contributions ahead from £799m to £948m for from four of the group's five all drams from £199m to £948m for from four of the group's five the period ended December 31 regions.

1981. This was an increase of At the pre-tax level, profits for the six continental Hotels Corporation and Warner Holidays, both acquired during 1981, the increase was 14 per cent.

For the same period, net sales of Liggett Group rose from \$292.21m to \$316.08m. Earnings from continuing operations were higher at \$18.3m against \$16.41m after lower tax of \$22.02m (\$23.28m).

Bank Leumi's net profits lower in UK

CUSTOMER deposits, lending and trade services at Bank Leumi (UK) all showed satisfacteumi (UK) all showed satisfactory progress during 1981, but year-end net profils after tax and transfer to inner reserves were down from £514,000 to £471,000

The directors say that the lower level of sterling interest rates and the increase in costs, reflecting both inflation and expenditure on expansion, had an effect on net profit.

The bank's expansion con-tinued during the year with the opening of a new branch at Edgware, Middlesex, bringing the total number of branches is

the UK to five, and the doubling of the size of the Golders Green, London branch.

An unchanged final dividend of 7p is announced for a same-again net total of 10.15p. Dividend of the state of the same of the s dends absorb £304,000 (same). leaving retained profits down from £209,000 to £167,000.

At the year-end current, deposit and other accounts stood at £207.67m compared with £187.12m, and loans, advances and other accounts totalled £74.66m (£65.86m). Total assets improved from £208.56m to

The bank is a 74.78 per cent owned subsidiary of Bank Leumi

Meldrum Investment

Net revenue of Meldrum Investment Trust fell from £761,390 to £712,563 for 1981, after tax of £347,984 compared

Earnings per 25p share are shown to have declined from to 3.53p but the total dividend payment is stepped up from 3.25p to 3.45p with a final

Dalgety £3.4m higher at six months

SHARPLY HIGHER profits are reported by Dalgety, the inter-national merchant, for the first half of the current year—the FIRST QUARTER group sales improvement being widely based

1981. This was an increase of At the pre-tax level, profits 18.7 per cent. Excluding Inter-emerged at £19.6m for the six months ended December 31 1981, compared with £16.2m, after taking account of interest charges which rose from £14.8m

For the second half of the year Mr D. L. Donne, the chairman, says he remains confident that the results will again show progress despite the economic conditions.

Half-year tax was much the Half-year tax was much the same at £6.9m (£7m) but minority debits were halved from £1.4m to £0.7m. Extraordinary credits totalled £2.6m (£3.5m) and attributable profits were well ahead at £14.6m, season £11.3m against £11.3m.

Stated earnings per £1 share came through 5.1p higher at 16p but the net interim dividend is being held at 11p-last year's final was also 11p.

The directors say the record half-year results were achieved against a background of continuing world-wide recession, high interest rates and fluctuatDIVIDENDS ANNOUNCED Date Corre- Total sponding for Current

payment payment year 10.15 Bank Leumi (UK) 7
Dalgetyint 11 April 20 7. July 1 11 July 1 11 April 15 0.39int, 0.39 Meldrum Inv. April 8
 Pentland
 4.85

 Temple Bar luv.
 5.4

 Joseph Webb
 int.
 0.13
 April 8 April 14 0.12*

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues.

In Canada, excellent results despite many of its businesses from Balfour Guthrie helped to being affected by the difficult lessen the overall effect of a economic climate. Malting had downturn in lumber, part of a good first half with buoyant wide strike in August and September. Reflecting confidence in the future of the lumber industry. Peace Wood Products was acquired for £12m last

December.
There were satisfying improvements in the results from the U.S. The frozen foods business returned to profit and all other activities produced improved performances and these are expected to continue.

exports, the agriculture and feed divisions were ahead of last year and milling produced a "satis-factory" result. Only the food sector, which found trading conditions particularly difficult. did not match last time's performance.

Improved profits from New Zealand were mainly because of good results from rural agency and meat processing activities Australia made further progress as a result of increased profits In the UK, Dalgety Spillers, from manufacturing and created in 1980, made a further machinery distribution which

agency profits caused by lower livestock throughout and prices. An analysis of group turnover (£1.23bm, against £1.07bm) and profit before interest and tax (£37.2m), against £31m for the six months by regions shows: UK £626m (£592m) and £20.3m (£18.6m), including other European countries; Australia £80m (170m) and £5.3m (£4.2m); New Zealand £86m (£66m) and £5.6m (£4.6m); Canada £107m (£87m) and £1.5m (£2.4m); U.S. £330m (£252m) and £4.5m (nil); Africa contributed profits of £0.6m (£1.1m) and central income less expenses resulted in a deficit of

£0.6m (£0.1m surplus). Turnover activity showed: agricultural service and supply £293m (£261m), food processing and distribution £550m (£450m), cereal processing and compounding £212m (£196m) and other £174m (£196m)

in these totals, secured borrow-ings amounted to £12m (£6.5m) and £43m (£45.4m) respectively. If calculated on December 31 1981 exchange rates, 1980 borrowings and attributable profit would be stated at £254m and £11.7m

Howard Machinery shows some recovery

FOR THE year to October 31, of losses of associates 1981 Howard Machinery, the to_£173,000 (£17,000). form equipment group, returned taxable profits of £78,000, compared with a restated loss of £5.2m, on turnover marginally higher at £44.12m, against 1980 there was also a tax charge £43.31m. of subsidiaries sold amounting

The comparable figures were adjusted to exclude from the operating results the sales and profits of subsidiary companies which were sold with effect from December 1980. During last year these companies contributed pre-tax profits of £2.28m and after tax earnings of £1.5m.

Tax took £536,000 this time, against a credit of £1.6m previously, including a deferred credit of £11,000 (£2.12m). For

to £785,000. Minority debits were £17,000 (£14,000) and extraordinary credits, mainly representing profits arising from the sale of overseas properties, totalled £357,000 (£2.26m debits).

pre-tax profits of £2.28m and after tax earnings of £1.5m.

The taxable profit for the year under review was struck after to the profit of 1.17p, for 1979. interest charges of £2.13m After six months pre-tax losses realise between £2m and £2.5m (£3.97m) and included a share had been reduced from an —are still awaiting takers. The

of losses of associates which rose adjusted £2.24m to £934,000.

comment Howard Machinery's efforts are

still largely swamped by interest charges but signs of recovery are beginning to surface. Trad-ing profits have turned round by £3.6m and debt servicing costs have almost halved. Gearing has been cut from 59 per cent to 45 per cent and should fall further. Stocks have been cut by £2m to £14.5m, an Australian disposal made £800.000 and the old Sproughton headquarters released £140.000. The Saxham and Halesworth—expected to

Crest International profits upsurge

PRE-TAX profits of Crest International Securities, which is quoted on the Unlisted Securities Market, jumped from £15,894 to £606,898 in 1981 and the directors say the company to be directors and the directors and the directors and the company to be directors.

Gross income for the year under review pushed ahead from £39,949 to £914,497. Tax took £284,369 (nil) and there The net asset value per share were extraordina as at December 31 1981 stood £154,032 (£21,659). were extraordinary debits of

More than two decades have

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tional organisations, states and

Today, there are practically no

cannot solve through their inter-

bank co-operation, their international networks, or their common investments. Problems as diver-

Bangkok, financing exports to Abu Dhabi, construction loans for

new plant in Africa, financing of

America, agricultural investments

offshore exploration in South

in Australia or euroloans

to the People's Republic of

And there's a whole range of

exchange risk coverage, euro-

Specially created by the Ebic

banks are a number of common

many others.

other services including foreign

financial problems that they

sified as business loans in

dynamic services to their customers. Their expertise has helped businesses - both large and small -- importers, exporters, European companies, interna-

governments.

started co-operating in order to

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is in a strong position for con-tinued growth and prospects are good.

Gross income for the year.

Gross income for the year. be amortised over a period not exceeding five years.
The investment properties

held by the group now amount to almost £5.5m and the present 154,032 (£21,689).

Earnings per 10p share are £700,000 per annum.

menced on the group's new commercial development at Camden Town, London, consisting of 60,000 sq ft and a smaller development in Greenock, Scotland, of 13,500 sq ft is almost completed.

On completion of the two current developments which are already 75 per cent pre-let, the group's net rental income (assuming those developments are retained) will be over £1m per annum. most of which is receivable from major company

sales profile is beginning to shift tribution overall compared with for the better. The UK contribution has dropped six points to represent a fifth of total turnowned subsidiary acquired a represent a fifth of lotal turn-over white the Australasian take has risen five points to 18 per cent. And for the first time in what seems a long time, the group is putting potentially valuable new products into what remains a powerful worldwide distribution network. The distribution network. The French subsidiary has introduced a tractor-driven grape harvester, a new wine press has come on to West German market and Howard seems delighted with the Original output targets of 70 units last year were swiftly raised to 250 and the group now thinks it can quadruple that level of sales this time. The shares are still below par-

TRUSTS BORROW

unchanged yesterday at 24p-but

are now starting to look some-what more attractive.

The following borrowings were made from Morgan Guaranty
Trust of New York yesterday:
Murray Western Investment
Trust—\$4m and Y450m; Murray
Clydesdale Investment Trust— \$2.5m and Y350m; Murray Glendevon Investment Trust-\$800,000

The dollar borrowing has been drawn for one mouth and the yen orrowing for six months for each

The borrowings will be used

THE TRING HALL USM INDEX 117.3 (-0.5)close of business 16/2/82 BASE DATE 10/11/80 100 Tel.: 01-638 1591

LADBROKE INDEX Close 557-562 (-6)

Joseph Webb lower

TAXABLE profits of Joseph Webb were down from £271,026 to £239,872 for the half year to September 30, 1981. Turnover rose slightly from £2.48m to £2.61m.

A net interim dividend 0.1313p will be paid on capital increased by a one-for-10 scrip issue. Last year an adjusted interim of 0.1193 was paid and a final of 0.3916, making a total of

The group is a holding company for estate development, property investment, holidays and leisure.

Stated earnings per share were

(£261m), food processing and distribution £550m (£450m), down at 0.76p against 0.81p—cereal processing and compounding £212m (£196m) and other £174m (£160m).

As at December 31 1981 the group short-term borrowings of charge of £179,686 (£163,969). F90m (£97m) and loan capital of £184.4m (£133.2m). Included in these totals, secured borrowings amounted to £12m (£65.5m) (£68,899).

(88,893). The directors say there is prospect of Improvement through rental reviews. They point out that one half of the full-year's results from holiday and leisure interests is included.

They say there were no land sales to report and they do not anticipate a contribution from this sector in the second half. tax profit for the year ending in March will make a reduced con-

park at Frejus on the Cote turnover was virtually mainapproximately 200 mobile homes. Sookings are being accepted for the current season and the project is expected to be fully leveloped for the 1983 holiday eason.

They add that the current year likely to continue to be diffiled. Holiday bookings are down last year, and althouse in a caravan filed foundries tumbled from filed from

is likely to continue to be diffi-cult. Holiday bookings are down on last year, and although they feel it is a little too early to forecast final results with any accuracy, indications are that bookings are likely to be down on those finally obtained for last

They also feel the holiday contribution to 1983 profits will be

Taxable profits were struck after interest of £157,697 (£159,200). Profit after tax was down at £201,000, against £214,000, after tax took £38,472

Barclays ahead by 5.2% in S. Africa

Financial Times Wednesday February 17 1982

Though the year's results were adversely affected by strong in-creases in interest rates. Barclay's directors are confident that fur-ther growth is possible in the current year and that the group has positioned itself correctly in

the market place.
In commercial lending operations emphasis has been placed on the manufacturing and service sectors of the economythose sectors the directors believe have the greatest growth potential. Most of last year's growth was due to commercial banking. It recorded an S per cent pre-tax profit increase to

But, as certain leasing con-tracts were transferred to the recently established industrial banking arm, after tax profit on commercial banking fell by 2.9 per cent to R57.2m. On the other

hand, the industrial bank's after tax profit rose from R430,000 to R6.2m.

Wesbank, the wholly-owned SOUTH AFRICA'S largest banking group, Barclays National Banks, which is 60 per cent howned by UK headquarters are rising interest rates pushed up the cost of funds. Here purchase contracts, which are at cent to R124.7m (£88.89m) in 1980 at the after-tax level profit was 5.5 per cent ahead at R50.6m against R76.4m in 1980.

Though the year's results were in line with botrowing rates. Wesbank's after tax profit declined to Ri6.6m from R17.6m. Total group assets grew by 25.7 per cent to R10.83m from R8,695m. Unofficially the direc-

tors expect further assets growth of about 20 per cent this year. They believe that this growth increase in liabilities to the public can be contemplated without recourse to further equity capital and without exceeding statutory

capital : liabilities ratios. Last year the group's return on total assets was 0.77 per cent against 0.88 per cent in 1980, Return on shareholders' funds was 19.8 per cent against 22.1 per cent in 1980.

A total dividend of 63 cents has been declared from earnings of 151.4 cents a share. In 1980 earnings were 143.6 cents a share and a total dividend of 58 cents a share was declared.

Parkfield tumbles midterm

share declining from 1.93p to

share declining from 1.83p to 0.36p the net interim dividend is held at 0.35p—a final of 0.525p was paid for 1980-81.

The directors of this iron castings supplier, whose shares are dealt in on the Unlisted Securities Market, say the group was again affected by the recession and had to reduce capacity enuiting 40 redundancies. causing 40 redundancies.

They add that the effect of these job losses, together extreme climatic conditions during December and January during December and January Tolefonica ... and increased raw material costs Union Elect.

CDAIN!		
SPAIN	Price	•
February 16		+01-
Banco Bibao		-2
Banco Central	357	-3
	310	
Banco Exterior		
Banco Hispano	318	-2
Banco Ind. Cat	115	
Banco Santander	359	-1
Banco Urguijo	226	
Banco Vizcaya		-5
Banco Zaragoza		-
Dragados	170	-5
	65	0
Espanola Zinc		
Fecsa	62	
Gal. Preciados	45	+0.5
Hidrola	66.2	
berduero	50.5	-0.5
Petroleos	101	-1
Petrolibar		•
Socefisa	14	-1
Sogensa	77	_:

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Trusthouse Forte PLC

Results

Year to 31st October 1981

	1981 £m	1980 £m
Trading Receipts	833.1	772.4
Trading Profit before depreciation	104.9	101.0
Profit before Taxation	52.3	66.0
Profit after Tax and minority interest	44.2	47.7
Dividend per share	6.0p	6.0p
Dividend cover	2.0 times	2.6 times

Trading profits before depreciation ahead of last year—despite one of the most difficult and challenging years.

£200 million plus spent on additions and capital improvements during the last 2 years.

Balance sheet remains strong-ratio of loan capital to shareholders' investment 0.4:1.

The Company has a good liquid position. THF provides employment for 64,000

We move forward with confidence in the knowledge that we lead an industry which must eventually expand throughout the



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Société Générale

Currency issues, project financing, mergers and acquisitions, and Generale Bankmaatschappij

affiliates and branches in Bermuda, Cayman Islands, Chicago, Los Angeles, Luxembourg, Miami, Nassau (Bahamas), San Francisco and Panama. Then there's European Asian Bank (Eurasbank). Headquartered in Hamburg, it has branches in Bangkok, Bombay, Colombo, Hong Kong, Jakarta, Karachi, Kuala Lumpur, Manila, Seoul, Singapore and Taipei. The Ebic banks also have important participations in European Arab Bank in Brussels, Cairo, Frankfurt, London and Manama, and the majority of them in Euro-Pacific Finance Corporation in Brisbane, Melbourne and Sydney.

investments. In Europe, for

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Brussels and European Banking
Company (EBC) in London —
both offering specialised financial
services throughout the world.
In the States, it's European
American Bancorn (EAR) with

American Bancorp (EAB) with

subsidiaries in New York and their

instance, there's Banque

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Europe's most experienced banking group

Bid for ACC: directors' pledge revealed

Bell Group, the master company of Mr Robert Holmes a shareholdings either in court, the Australian entrepreneur, yesterday revealed details of a pledge of support by directors of the main board of Associated Communications Corporately for an offer made for first specific for specific for an offer made for first specific for an offer made for first specific for specific f

Associated Communications Corporation for an offer made for (irrespective of what advice we may be obliged to give to other week following speculation that directors of ACC were wavering in their support of the Bell offer in favour of a bid by in their support of the Bell offer in favour of a bid by Heron Corporation, says that "being parties to the agreement

the spirit thereof.

"2. We will accept the offer that will be made by the Bell Group pursuant to the amounce-

distribution business Williams Hudson Group was yesterday holding discussions with its

markets of the early 1870s, owns 95 per cent of the group

through a parent company, Williams Hudson Industries SA,

the beginning of the month by

Imperial Chemical Industries, Britain's biggest company.

The offer document, posted esterday, recommends

yesterday, acceptance of 180p per Holden share or ICI stock of an equivalent value. It also reveals that

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EUROPEAN OPTIONS EXCHANGE

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of the necessary deed with the Independent Broadcasting made with the Bell Group and Authority to give effect to such announced in a joint press statement dated January 14 1982 general meeting or otherwise.

"4 That the agreement with hereby declare:

"4. That the agreement with Staff Sup
"1. We intend to give effect to the content of that agreement both as to the letter and ment both as to the letter and supplied to the content of that agreement with Staff Sup
Bell and the undertakings that other ins
we gave to Bell on January 14 which is ment both as to the letter and supplied to the content of ACC, its shareholders, management, customers and subsequent events have confirmed our

of the voting shares.

Mr Holmes à Court held a press conference yesterday, after he adjourned an extraordinary general meeting to approve the compensation payment of 2560 mon for 25 compensation payment of £560,000 to Mr Jack Gill, ACC's

He told shareholders that the stituation was no different from the earlier meeting except that the shareholders do not want it, the Post Office Staff Superannua-

The accounts were published in

which they were operating—syn-thetic fuels and gold.

At the Press conference, Mr Holmes à Court explained that the reason why two offers from former managing director. The resolution was not put to the insetting for approval of the payineting for approval of the payinet because of outstanding legal action by the Post Office Staff Superamnuation Fund and Staff Superamnuation Fund and historical shareholders have institutional shareholders have an explanation before them at the same time."

Rowever, the petition-which

believed to be outstanding.
The debenture carry a sinking

fund previously satisfied by market purchases. Without a

The legal and financial compli-

cations now threatening the repayment remain unclear, and

the Prudential was yesterday unable to comment on the situation.

Elbief has first half increase

AN INCREASE of £33,000 to £136,000 in pre-tax profits is reported by Elbief Co. for the half-year to October 31 1981. Turnover of this manufacturer of handbag frames, leather goods accessories and picture frames, fell slightly from £1.33m

to £1.31m. The directors say that trading conditions remain very difficult, and the home market shows very little sign of recovery. They add, however, that its company is fortunate that its export market is very well spread, helping to minimise the effect of the recession in the UK.

Estimated tax is £70,000 before taking into account any stock inflation adjustments capital allowances and other adjustments affecting the end-of-year figures. The interim dividend is unchanged at 0.385p— last year's total was 1.303p net.

Pentland Inv. net income holds steady

A MARGINAL fall from £1.16m to £1.13m in net income was shown by Pentland Investment Trust,

for 1981. Gross income was un-changed at £1.96m.

The further transfer of funds from the UK to lower yielding investments in the U.S. and Japan has resulted in a small decline in earnings per share to 6.28p against 6.43p before. The directors point out that the transfer was highlighted in the last annual which Williams Hudson invested in a Texan methanol project dependent on the synthetic fuels market.

The group's other main asset is the Renable gold mine. This statement and that the estimate for the current year's earnings per share shows an increase on the 1981 figure. The final dividend is higher at

4.85p, compared with 4.8p, and business to begin a profit brings the year's total payment to 6.35p (6.3p). business to begin a profit recovery from the final quarter of 1982 and this, coupled with Net income was struck after higher interest and expenses of £176,844 (£159,041). The tax charge was similar at £849,875 (£647,229).

\$106.3m to \$111.87m, Hunt expects its electronics

the steady growth already apparent in its photographic and electrostatics activities, should make 1982 a year of strong recovery for Hunt Chemical,

he following companies have notified as of board meetings to the Stock hange. Such meetings are usually if for the purpose of considering	
dends. Official indications are not	Footwear Industry Invests I
ilable as to whether dividends are	Green (R.) Properties
Ame or finals and the subdivisions.	Telefusion
wn below are based mainly on last	Finals—
r's timezable.	Anglo International Inv. Trust I

Temple Bar at £3.38m

Pre-tax earnings of Temple Bar Investment Trust were slightly down from \$3.42m to \$3.38m during 1981. Earnings from the investment trust company were £3.37m against £3.42m but other companies improved their share from £1,377 to £15,081. Gross revenue was up from £3.65m to £4.02m.

There was a tax charge of £1.07m (£1.1m), leaving group earnings at £2.31m compared with £2.32m. Fully diluted earnings per 25p ordinary stock unit were 7.922p (7.959p).

The final dividend is raised from 5.2p to 5.4p for an increased total of 7.9p (7.7p) net.

A one-for-one scrip issue is

At December 31 1981 net asset value per ordinary stock unit was 143.72p (142.53p) and fully diluted net asset value 143.59p (142.31p).

Final quarter set-back for **Hunt Chemical**

HEAVY PRE-TAX losses are reported by Philip A. Hunt Chemical Corporation, a 63.5 per cent owned subsidiary of Turner cent owned subsidiary of Turner and Newall, for the fourth quarter of 1981. The figures show a loss of \$1.29m for the continuing operations for the 14 weeks to January 2, 1882 com-pared with a profit of \$137,000 in the 13 weeks to December 27,

For the 53 weeks to January 2, profits were \$5.58m against \$7.75m for the 52 weeks to December 27, 1980. Net sales for the 53 weeks advanced from

BOARD MEETINGS

he following companies have notified as of board meetings to the Stock	land, London and Lomond Inv Trust.	estment
lange. Such meetings are usually	FUTURE DATES	
for the purpose of considering	Interims:	
dends. Official indications are not	Footwear Industry Invests	Feb 25
lable as to whather dividends are	Green (R.) Properties	Mar 10
Ame or finals and the subdivisions		Feb 19
wn below are based majorly on last	Finals—	
's timezable.	Anglo International Inv. Trust	Feb 22
TODAY	Cerdinal Investment Trust	Feb 25
rterime: Ariel Industries, Begod-	Carrington Vivella	Feb 24
pah, United Real Property Trust,	Davies and Metcalia	Mar 8
nals: Bath and Portland, Birmid	English and Scottish Investors	Feb 22
icest, Copenhagen Handelsbank,	Grindleys	Fe6 23
ton and Colonial Investment Trust	Miller (E) (Tausiles)	Eab 10

LONDON TRADED OPTIONS Feb. 16 Total Contracts 2,116. Calls 978. Puts 1,139.

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M. J. H. Nightingale & Co. Limited

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198	1-82				Gross '	Yield		Felly
Hìgh	Low	Company	Price	Change	div.(p)		Actual	12xe
124	100	ABI Hidgs. 10pc CULS	124	_	10.0	8.1	_	_
75	62	Airsprung	70	_	4.7	6.7	11.1	15.
51	33	Armitage & Rhodes	44	_	4.3	9.8		
205	187	Bardon Hill	204	_	9.7	4.8	9.9	
104	76	Deborah Services	76	- 1	6.0	7.9		
130	97	Frank Horsell	130	_	6.4	4,9		
83	39	Frederick Parker	83	+ 2	6.4	7.7		
78	46	George Blair	51			_		_
œ	93	IPC	9 7	+ 1	7.3	7.5		10.
Ďē.	100	Isis Conv. Pref	106	+ 1	15.7	14.8		,
13	94	Jackson Group	95	+ 1	7.0	7,4		6.
30	108	James Burrough	112	'- <u>-</u> -	8.7	7.8		
			252	- 2	31.3	12.4		
334 59	250		57	+ 1	5.3	9.3		
	51		163	- i	10.7	5.6		٥.
222	163	Torday & Carlisla	133		10.7	0.6		
15	10	Twinlock Ord		_	15.0	19.5		_
80	66	Twintock 15pc ULS	72	_==				
44	<u> 26</u>	Unifock Holdings	26	1	3,0	11.5		· .
103	75	Walter Alexander	73:		6.4	8.8		
263	212	W. S. Yestes	226			5.8	4.3	ð.

December with a heavy oualification from auditors Thomson McLintock. They showed shareholders' funds at £6.1m against £28.4m a year earlier. Now Mr Roland has disclosed However, the pention—which will be opposed—will not be opposed—will not directly involve the liquidation of these subsidiaries. Their position "will be determined by their respective creditors." holding discussions with its buy out the minority share-bankers and with Prudential Assurance, the trustee to one of its subsidiaries' debentures, to consider arrangements for its imminent liquidation. These have been abandoned since they relied on the value of the Panamanian company's budging majority share-Now Mr Roland has disclosed the "failure of our two principal venturas" due to "a virtual One important category of the One important category of the subsidiaries' creditors comprises the holders of a 6 per cent 1983-88 debenture and a 7% per cent 1992-97 debenture issued by Williams Hudson Limited. About £2.3m of these securities is believed to be entired in The talks, which are due to continue today at the offices of the Prudential have followed the despatch of a letter to stock and shareholders from Mr David collapse of both markets" in

Williams Hudson faces liquidation

majority holding, now "rendered worthless." A general arrangement with all the group's creditors would be necessary in order to help these share-holders and stockholders, says Mr Rowland in his letter. A petition seeking the liquida-tion of the group is to be heard on March 1. It is being pre-sented by one of the creditors to Marsco Corporation, through which Williams Hudson invested

THE DIVERSIFED property and drawal by Mr Rowland of pro-distribution business Williams posals he made last August Hudson Group was yesterday for the Panamanian company to

and shareholders from Mr David Rowland, the group's chairman, explaining the background to the liquidation. The financial position, says, the letter, "does not make happy reading." Mr David Rowland, the con-troversial financier who first made his reputation in the boom markets of the early 1079s. He concludes that "realistically there is virtually no hope of such a solution being achieved."

The group's shares were suspended on the London Stock Exchange at 90p in March 1981 The financial year which ended that month was later reported to have included operating and registered in Panama. extraordinary losses which Accompanying news of the reduced net book value by liquidation plans was a with-

6 1:70

1.40 F.16.20

F.1630 F.87.60 F.125 F.107.60 F.4630

. (F.23.30

F.80

F.157

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P=Put

Holden recommends acceptance

The group's other main asset is the Renable gold mine. This together with the share capital and assets of all Williams

Hodson's subsidiaries could be made available to the secured creditors.

Arthur Holden, the Birming-ham-based specialist paint mium of 51 per cent to reported maker, yesterday formally net worth and a multiple of advised shareholders to accept about 20 times 1980-81 fully the £12.8m cash offer made at taxed earnings. Holden's share price rose in January when Courtsulds' owned International Paints' 88 per cent Mr Philip Sturge, chairman of Arthur Holden, said yesterday that following a number of "dawn raids" last year, the company decided in the autumn subsidiary took a 12 per cent stake and expressed interest in The offer closes on March 17.

tunities.

that, at a certain price, it would not be able to remain independent. It had discussions with complement its existing business

Whitecroft disposal

Whitecroft has sold Randalls Northern Electronics for £315,000 cash and net loans and dividends due from the subsidiary of £18,600 to an undisclosed private company. Net assets of Randalls at March 31 1981, were £44,000 and its pre-tax profit for the year

ICI believes the acquisition will Nottingham and employing 70 complement its existing business people, makes electrical assemblies and sub-assemblies for the telecommunications industry.

THE CHARTER TRUST & AGENCY PLC

Year ended 30th November 1981

Dividend: 3.45p Per Unit + 7.8% Net Asset Value: 106p Per Unit + 5.4% FT-Actuaries All-Share Index + 2.6%

Total Assets £44,810,422

- Percentage Distribution
- 61% UNITED KINGDOM • 25% NORTH AMERICA
- ullet 12% JAPAN AND PACIFIC BASIN
- 2% EUROPE AND OTHER AREAS

"It is your Board's intention that the policy of concentrating the portfolio in a much smaller list of investments should be accelerated." M. C. Devas, Chairman

KBIM

Managers: Kleinwort Benson **Investment Management**

Copies of the Amual Report are available from The Secretary, 20 Fenchurch Street, London EC3P 3DB

BASE LENDING RATES

ABERCOM GROUP LIMITED



(Incorporated in the Republic of South Africa)

UNAUDITED INTERIM PROFIT STATEMENT FOR THE SIX MONTHS ENDED 31ST DECEMBER 1981.

Year ended		Six months en 1981	nded 31st December 1980	Per cen change
30th June 1981 R000's		R000's	R000's	-mmc
329,672	Turnover	138,410	99,778	+39
25,887 4,509	Income before interest and taxation Interest	14,230 3,977	11,279 2,020	+26 +97
21,378 5,405	Income before taxation Taxation	10,253 2,871	9,259 2,603	+11
15,973 838	Income after taxation Minority interests	7,382 374	6,656 410	+11
15,135	Net earnings	7,008	6,246	+12
19,663 77 cents	Ordinary shares in issue (averaged) (000's) Earnings per share	19,989 35 cents (19.2 pence)	19,623 32 cents (18 pence)	+10
31 cents	Dividends per share	16 cents	14 cents	+14

RESULTS

Abercom's results for the six months to 31st. December 1981 reflect strong performances from the products and international fan divisions. The springs and components divisions performed satisfactorily. Reduced contributions were experienced from Central African activities, and with the reduction in the gold price the mining equipment division was adversely affected. Group profit and margin were considerably reduced by further losses incurred in Metter. The process equipment with returned satisfactory results as a whole, with Consani's achieving a full turnaround and promising a much improved performance this year over last.

OUTLOOK

Slackening economic activity in South Africa, combined with government measures to offset the present deterioration of the country's financial position indicate harder trading conditions and high interest rates for some time to come. Our first half growth has been restricted from previous rates by these factors. We nevertheless anticipate profits for the six months to June 1982 at a higher level than those justachieved, and pre-budget projections indicate further improvement for the year to June 1983.

ASSET RESTRUCTURE

Broad rationalisation of assets, leading to further investment in growth areas of manufacturing industry is taking place within Abercom at present. As part of this process the Metter activity will be discontinued within the group during the current financial year. No further operating losses are expected from this source, and an extraordinary provision of approximately R5.5m has been made to

cover the closure. Negotiations for the disposal of certain of these assets have been concluded, and the balance of the assets are in the process of realisation. A substantial cash inflow will result from this move and the funds generated will support planned investment in selected growth areas during the calmer economic period which lies ahead.

CAPITAL EXPENDITURE COMMITMENTS

Authorised by the Directors and contracted—R1,511,000 (1980—R3,755,000).
Authorised by the Directors and not contracted—R1,718,000 (1980—R547,000).

DIVIDENDS

Dividend number 38 has been declared by the board at the rate of 16 cents (8.8 pence) per share (1980—14 cents). It is the board's intention to pay dividends for the full year totalling not less than 36 cents per share (1981—31 cents).

Dividends will be payable to shareholders registered

on the Johannesburg and London registers on 12th March 1982. Dividend cheques will be posted on or about 2nd April 1982, those for shareholders on the London register being drawn at the rate of exchange then in force. non-resident shareholders' tax, where applicable, will be deducted. This dividend absorbs R3,281,000.

PETER HERBERT Chairman and Chief Executive

> GERALD BUCKLEY Deputy Chairman 16th February 1982

Abercom House, Oxford Park P.O. Box 782454, Sandton 2146, South Africa

HARDYS & HANSONS

25 7 8

2797

C=Call



Highlights from the Accounts and Chairman's Statement

- Despite continuing slow trade, turnover was up by £1½ million in the year to 2nd October, 1981.
- Profit available for appropriation, at £1,400,000, is marginally up over a 52 week period, compared with £1,385,000 for 53 weeks in previous Accounts.
- We might have increased more sharply the price of our products but in the long run felt this undesirable.
- Dividend raised by just over 7% from 11.1p per share to 11.9p.
- Property revaluation at 30th September, 1981, shows a surplus of £9,873,000 over book value.
- Brewery expansion and modernisation scheme has brought an improvement in general standards. We now intend to proceed with a new copper/ brewhouse at a cost of £250,000 at today's prices.
- AB.N. Bank 14 % Grindlays Bank 14 % Grindlays Bank 14 % Grindlays Bank 14 % Grindlays Bank 14 % Henry Ansbacher 14 % Hambros Bank 14 % Hongkong & Shanghai 14 % Hongkong & Shanghai 14 % Hongkong & Shanghai 14 % Hambros Bank 14 % Samuel Moragan Grenfell 14 % Norwich Genaral Trust 14 % Norwich Genaral Trust 14 % Norwich Genaral Trust 14 % Slavenburg's Bank 14 % Slavenburg's Bank 14 % Slavenburg's Bank 14 % Trustee Savings Bank 14 % Williams & Glyn's 14 % Wi

Companies and Markets MINING NEWS

revenue Canada's Denison Mines came out of 1981 with

Last year's gross revenue from all sources increased by 17

expansion programme at Elliot Lake in north-east Ontario.

Perak now buys 20% of Rahman

Rahman Hydraulie Tin, which has some very rich mining leases in Klian Intan, near the That border, said it would issue 5.62m new shares of MS1, amounting to 20 per cent of its enlarged capital, to PSDC at a price of M\$1.2 (28p).

another 15 years.

The two purchases indicate that the Perak State Government is moving to play an active part in tin mining activities in the state, following the foot-steps pioneered by the Selangor Government a few years back. Rahman, which also owns a

Cadbury

Cadbury Schweppes (South owned by Cadbury Schweppes; the soft drinks and confectionery manufacturer, achieved higher sales and profits in its sions in the 52 weeks ended

The total dividend is being lifted from 36 cents to 46 cents from earnings of 112.3 cents (96.4 cents) calculated after the LIFO adjustment.

Community Radio Services

tax slumped from £290,651 to

the pront, he says, renerts the high level of direct costs such as the IBA rental, Performing Right Society / Phonographic Performance Ltd. and Mechanical Copyright Protection Society, and the Musicians Union, which are all revenue related costs. Over 64 per cent of total revenue came

64 per cent of total revenue came from local advertisers.

Earnings per share for the year fell from 33.6p to 4.43p, and the final — and only — dividend is cut from 20p to 15p on the founder shares and from 10p to 71p on the ordinary. Totals for the previous year were 30p and 15p respectively. There was a net outflow in funds of £154.828 (inflow £172.213) during the year.

On the future the chairman says persisting recession and local conditions continue to influence the trading situation. The first quarter of the current year, although somewhat more buoyant, still falls far short of the company's "natural

YEARLINGS

The interest rate for i week's issue of local anthor are redeemable on February

A full list of issues will

CAMRA (Real Ale Camra (Real Ale) Investmen

Denison diversification to pay off this year

Looking beyond 1982, Mr Roman said that Denison is

actively proceeding with the development of the Quintette coal property in north-east British Columbia, expansion of

oil and gas operations in various parts of the world and potash

development in New Brunswick.
At another Toronto meeting, that of Teck Corporation, the president Dr Norman B. Keevil

commented on the December quarter loss of C\$349,000 which compares with a profit of C\$5.9m

before extraordinary items.

year ago, the figures being

Dr Reevil said that all the roup's established divisions

the second best earnings in its history, albeit at C362.4m (£27.9m) they compared with the record C\$73.7m achieved in 1980.

per cent to C\$428m and at the annual meeting the chairman, Mr Stephen B. Roman, said that he expected a sales revenue of CS3bn in the next five years, reports John Soganich from

natural resource group's diversi-fication programme "will begin to bear fruit in 1982." He pointed out that this year will see the results of the first full year of operation of the uranium

BARELY two weeks after taking a 30 per cent stake in Gopeng Consolidated, the Perak State Development Corporation (PSDC) is buying a substantial interest in another publicly listed tin company operating in Perak State, reports Wong Sulong from Singapore.

Like the Gopeng deal, the shares are being sold to PSDC

at a hefty discount on current market prices of M\$5.3 (around 120p in London) on the understanding that PSDC will get Rahman's leases, expiring at the end of next year, renewed for

rubber plantation with real estate potential, is an associate of Perlis Plantations, the sugar-based Malaysian group.

Schweppes S.A. well ahead

January 2, 1982. Operating profit improved from R7.41m to R9.27m on higher turnover of R62.3m, against R50.6m

Operating margins remained under pressure as a result of continuing strong competition. The company has adopted LIFO (last in first out) accounting policies and this reduced operating profit by R907,000 to match current revenue with current

Setback for

IN THE YEAR ended September 10 1981, Community Radio Services, the independent radio station serving Ulster, suffered a setback. Turnover fell by 20 per cent to £1.37m and profit before

expectancy."

NOTICE IS HEREBY GIVEN to bond-holders that during the tretve-month puriod coding 31st January. 1982, the European Invest-ment Back St. 75.% Dollar Bonds of 1978, day 1st February 1993 have been surchased for Such Bonds remaining in circulation was U.S.386,000.000. EUROPEAN INVESTMENT BANK February 17th, 1982. bonds is 144 per cent, down or eighth of a percentage po from last week and compa-with 121 per cent a year a

published in tomorrow's editi

has completed its rights is: with acceptances of 93.7 per ce including excess and preferent applications.

Oil, gas and sulphur production operated profitably during the tion in Greece and oil output in quarter except for the 73 per cent-owned Aftan coppergold mine which has been hit by a strike since November 20. Spain will approach design rates by the end of 1882. U.S. gas production will more than double as the wells in the Gulf of Mexico are brought into pro-duction in March.

Teck's new Highmont copper-molybdenum mine has now reached its full monthly milling capacity and is producing a profit before financing costs. But Dr Keevil pointed out that it will have a negative impact on Teck's earnings until the price of copper improves. He added that this would apply to any new copper mine if placed into production at

apply to any new copper mine if placed into production at today's metal prices.

Meanwhille, Copperficient mining, which holds 51 per cent of Teck, reports a first quarter loss of CS482,000, before extraordinary items, compared with a profit of CS972,000 a year ago. As with Teck, the company's financial year runs to September 30.

Agnico-Eagle prepared to stockpile its gold

IF THE price of gold should fall ings in the 1981 fourth quarter. to the \$350-\$360 per ounce level (it is currently \$375\frac{1}{2}\$) Canada's (Canadian) per shap precious Agnico-Eagle will stockpile its production of the metal as the company has been doing with its silver output since July.

Stating this the president, Mr Paul Penna, pointed out that the company has over im ounces of silver in its stock, of which 220,000 oz are contained in con-centrates and the rest in broken A further 750,000 oz is expected to pile up this year as the company awaits an improvement in silver prices. Sales are to be resumed when the pricenow \$8.60 per oz-rises to \$12-

cents a year ago when precious The company's results for 1981 are not due until March but this estimate suggests net income of 32-33 cents, compared with \$1.86 for 1980 when earnings C\$18m (£8.05m).

As far as 1962 is co Mr Penna expected that after the previous year's difficulties gold production costs would fell to C\$250 (US\$205) per or Bullion output from the Eagle mine should rise to 45,000 oz from 40,00 oz and if the gold price averaged US\$450 this would result in maintained gold

Australian oil flows leave sharemarket cool

NEWS OF two promising oil however, one of the small flows from the Queensland and South Australia sectors of the Cooper Basin failed to prevent heavy selling of Australian oil and gas stocks on Sydney, Melbourne and London stock

markets vesterday, writes Stephen Thompson.

The Australian sharemarket has been under sustained pressure in recent days, burdened by fears of a prolonged period of high interest rates, speculaof high interest rates, specula-tion that a possible devaluation the cards, the spectre of weak metal prices for some time to come and a spate of dismal leading industrial and mining

Adding to the gloom in the oil and gas sharemarket has been pressure on world oil prices and

Against the general trend,

exploration companies to have moved up sharply in the past three months is Claremont Petroleum, which holds a 10 per cent interest in the Naccowish Block of the Cooper Basin. Claremont's shares shot up to 99p in the wake of the 4.000

barrels a day oil flow from and Jackson 1 wildcat well drilled on the Naccowiah Block A second well, Jackson 2 drilled to outline the extent of the oil reservoir discovered by Jackson 1 was reported yesterday to have flowed oil at a rate of approximately 490 barrels a

target depth of 5,083 feet and tested the oil over the interval 4,719 to 4,742 feet. Tests of the main zone of interest in Jackson 2 will be carried out later in the one kilometre east of Jackson 1.



to Data Bases. It is published in English, French, German and Italian at the initiative of the Commission of the European Communities. You can receive this Guide free of charge. Simply send us the coupon below.

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GLASCOW DISTRICT COUNCIL Bills issued 17th February 1982 E5m at 13 "ta", Maturing 19th May 1982, Apolia cations £52,5m. Bills outstanding £18m.

KIRKLESS METROPOLITAN COUNCIL Offered £3.590.000 moory bills for issue on the 17th February 1982 to mature 19th May 1982. Tenders were received for 536.000.000 and all the bills were allotted at 13.7 g. n. not discount. The total amount of bills contrasting is \$7.500.000.

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Bondholders of this loan are hereby informed that the rate applicable for the clevanth inbrest period has been fixed at 16 lig %.

Compon No. 11 will be payable as from August 17, 1882 at the price of US \$48.35 equivalent to an interest of 161ig % worked out on the basis of 1821/360th covering the period from February 16, 1982 to August 16, 1982 inclusive. **AMERICAN** The Fiscal Agent CREDIT LYONNAIS LUXEMBOURG EXECUTIVES seek luxury furnished flats or

> 9.25% 1979/1983 US S30.000.000
> AMORTISATION OF US 39.000,000
> ON FERRILARY S, 1982
> RECTIFICATION
> We inform the bondholders that the
> numbers of the 9.000 drawn bonds
> published on January 6, 1982, should
> have read: have read: \$134 to 13844
> 22845 to 26058
> 22845 to 26058
> (Instead of the sumbers 8134 to 13844
> and 22885 to 26135)
> The Principal Paying Agent
> SOCIETE GETERALE
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COMPANY NOTICES

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18th February, 1982.

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ebruary, 1982 NOTICE OF PURCHASE EUROPEAN INVESTMENT SANK 8.75% DOLLAR BONDS OF 1978, DUE 1st FEBRUARY, 1993.

SONATRACH

NOTICE IS HEREBY GIVEN that the Rate of Interest has been fixed at 17%% and the Coupen Amount payable Argant 17, 1982 against Coupen No. 7 will be U.S.S876.72 By: GITIBANK N.A.: LONDON Agent Sank. WY 17, 1982.

In accordance with the terms of the Tust Deeds constituting the above Boods, notice is hereby given that the financial year end of the Guarantor. Incheape PLC. has been changed from 31st March to 31st December. According the next accounts of incheape the next accounts of incheaped the market up to 31st December 1981.

By Order of the Board of By Order of the Board of INCHCAPE PLC L. E. Bishop, Secretary 1982. CREDIT LYONNAIS tax slumped from £290,651 to £37,603.

Mr J. T. Donnelly, the chairman, had already warned of a decline in advertising revenue and the uncertain trading situation, and says "our predictions proved to be all too correct."

The profit, he says, reflects the high level of direct costs such as LOAN OF US \$80,000,000 FLOATING RATES 1977/1983

NOTICE TO EDR HOLDERS
NOTICE IS HEREBY GIVEN that copies of the Senhampal Report Covering the show Company are available at the offices of The Depositary. The Chase Manhattan Bank N.A. Woodpate House, Coleman Street, London CF 2MD, or at Chase Street, London CF 2MD, and London CF 2MD, a

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MON

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EN PART

CURRENCIES, MONEY and GOLD

APPOINTMENTS

Dollar steady

small U.S. bank raised its prime of higher prime rates—but this came too late to influence the London market. Eurodollar rates, which rose on Friday and Monday, while U.S. domestic markets were closed, showed a slightly

the same of the

easier trend yesterway.

DOLLAR — Trade-weighted index (Bank of England) was unchanged at 113.4, against 112.9 six months ago. Three-month Treasury bills 14.70 per cent (15.57 per ceut six months ago). Annual inflation rate 8.9 per cent (9.6 per cent six months ago)— The dollar was unchanged at DM 2.3950 against the D-mark, rose slightly to FFr 6.0760 from FFRr 6.0750 against the French franc, but fell to SwFr 19110 from SwFr 1.92 in terms of the Y240.75 against the Japanese yen STERLING — Trade-weighted index 91.6 against 91.6 at noon,

91.7 in the morning and at the previous close, and 91.3 six months ago. Three-month interbank 1433 per cent (1445 per cent six months ago). Annual inflation 12 per cent (unchanged from previous month) — The pound opened at \$1.8335-1.8345, and touched an early peak of \$1.8340-1.8350, before failing to

ago. Three-month interbank Y241, after opening at Y241, and 10,30 per cent (12,925 per cent trading within a range of Y240.45 six months ago). Annual infla- and Y241.60.

HOWS

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TYCUR FINGER

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EMS EUROPEAN CURRENCY UNIT RATES

8.02569 2.45157

6.21906 2.68647 0.696403 1305.70

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

Sterling/ECU rate for February 15 0.558686

+2.39 +1.45 +1.73 +0.72 +0.85

Dollar finshed little changed tion 6.3 per cent (unchanged in European currency trading as from previous month)—The the firmer trend in the Federal D-mark_showed mixed changed funds overnight rate was at the Frankfurt fixing improv-balanced by profit-taking after ing slightly against the dollar, the dollar's recent gains. One but weakening by a small amount against sterling and the small U.S. bank raised its prime lending rate, and one major bank its broker loan rate—often a sign of higher prime rates—but this rame too late to influence the Bundesbank did not intervene when the dollar fell to DM 2.3984 from DM 2,4004 and was probmarket. In late trading the U.S.

currency eased further to DM 23950. The pound rose to DM 43890 from DM 43870 at the fixing but eased slightly towards the ciose.

SWISS FRANC — Trade-weighted index 1519 against 151.5 on Monday, and 133.0 six months ago. Three-month infer-bank 81 per cent (812 per cent six months ago). Annual infla-tion 6.1 per cent (6.6 per cent previous month) — The franc improved against most European currencies yesterday, and showed wiss franc, and to ¥240.60 from little change against the firm 240.75 against the Japanese yen dollar for most of the day, before gaining ground in late tending. The U.S. currency fell to around SwFr 1.91 near the close from SwFr 1.92, while sterling weakened to about SwFr 3.50 from SwFr 3.5125. The D-mark, French franc, Dutch guilder and Japanese yen also lost ground

against the Swiss currency JAPANESE YEN — Trade-weighted index 136.0 against \$1.8340-1.8350, before failing to \$1.8260-1.8270 in the afternoon, and closing at \$1.8310-1.8320, a fall of 60 points on the day. Sterling fell to DM 4.39 from DM 4.40; to FFT 11.1275 from FFT 11.1575; to SwFr 3.5050 cent six months ago. Annual inflation 4.3 per cent (3.6 per from SwFr 3.5275; and to Y441 from Y442-50.

DMARK — EMS member distributed by the second of the second third weakest). Trade-weighted York reaction to the U.S. money index 120.9 against 120.8 on supply figures. The U.S. cur-Monday, and 115.2 six months rency eased to Y240.85 from 220. Three-month interbank Y241, after opening at Y241. and

+0.29 +0.57

-0.44 -0.31

 ± 1.6412

±1.1077

±1.3733 ±1.5063

THE POUND SPOT AND FORWARD

P	eb 76	spread	Closs	One month	p.a. months	p. a.
Ū	l.S.	1,8260-1,8350	1,8310-1.8320	0.32-0.42c dis	-2,42 0.94-1.04dis	-21
C	anada	2,2220-2.2340	2,2305-2,2315	0.13-0.23c dis	-0.97 0.60-0.75djs	-1,2
N	lathind,	4.75*, 4.82	4.801,-4.811,	15-13c pm	3.43 <i>ნ</i> - 4ት pm	4,0
В	elgium ·	74.55-74.95	74.70-74.80	18-38c dis	-4,49 72-92 dia	-4,3
	enmark		14.36-14.37	13-23 ore dis	-1.57 6'z-7'z dls	-1.9
· 10	reland	1_2440-1_2500	1.2480-1.2475	0.32-0.44p dis	-3.55 1.13-1.29dls	-3.8
, v	V. Gar.	4.37 4.40	4.384-4.394	13-13-pf pm	. 3.76 474-474 pm	4.1
P	ortugal	127.50-128.50	127.80-128.20	50-165c dis	-10.07 155-410 dis	-2.8
S	pain	185,25-186.00	185,50-185,70	par-25c dis	-0.81 75-100 dis	-1.8
İ	raly	2335-2342	2338-2340	11.14lire dis	-6.41 39-42 dis	-6.9
· N	опиау	10.26-11.02	10.587-10.9992	2-lore pm	1.64 1 pm	0.3
F	rance	11.17-11.16	11.124-11.134	c pm-1 dis	17-27, dis	-0.8
	wedan -	70.62 10.67-2		kore pm-1, dis	-0.14 234-2 pm	0.8
	Pan	438-443	.440 ¹ 2-441 ¹ 2	2.90-2.80y pm	7.48 8.95-8.55 pm	7.9
	ustria	30.65-30.85	20.76-30,80	15 ¹ 2-12 ¹ -gro pm	5,46 43-36 pm	5.13
S	witz.	3.49-3.53	3.50-3.51	14-14c pm	5.56 5°-4°s pm	5.8
_	58	loian rate is 1	or conventible	trancs. Financie		
	P14				b 2 12 2 22- d	

THE DOLLAR SPOT AND FORWARD

	Day's			%	Three	%
Feb 15	spread	close	One month '	p.2.	months	p.a.
UK†	1,8260-1,8350	1,8310-1,8320	0.32-0,42e dis		0.94-1.04dis	-2.1
Irelandt	1.4650-1,4700	1.4670-1.4700	0.21-0.11c pm		0.70-0.55 pm	
Canada	1.2170-2.2200	1.2185-1,2190	0.74-0.11c pm		0.32-0,28 pm	
Nethind.	2.6230-2.6300	2.6230-2.6260	1.35-1.25c nm	5.94	4.10-4,00 pm	6.1
Belgrum	40.75-40.95	40.81-40.83	3-6c die	-1.32	20-24 dis	-2.1
Denmark	7.8460-7.8700	7.8400-7.8500	0.90-0.50ere pm	0.84	0.60-0.30 pm	0.2
W. Gar.	2.3920-2.4090	2.3945-2.3965	1.21-1.16pf pm	5.94	3.75-3.70 pm	6.2
ontogal	69.55-70.10	69.55-69.75	15-75c dis	2-7.7		- B.7.
Spain	101.20-101.60	101,45-101,50	15-5c pm		10 pm-5 dis	0.1
taly	1276°+1280	12761-127712	31-41-lire dis	-3.64	14-15 dis	-4.54
Norway .	5.9950-6.0150	5.9950-6.0050	2,10-1,90ore pm		4.00-3.70 pm	2.5
France	6,0700-6,1000	6.0735-6.0785	1.25-1.05c pm	2,27	2.20-1.90 pm	1.3
Sweden	6.9050-5.8320	5.8050-5.8150	1.25-1.10ors pm		4.50-4.20 pm	2.9
Japan	240,20-241.40	240.55-240,65	1,55-1,80y pm	9.35	5.95-5.80 pm	9.77
Austria	18.80-18.87	16.86-16,87	11.10gro pm		31½-28½ pm	7.13
Switz.	1.9075-1.9225	1.9105-1.9115	1.38-1.28c pm		3.90-3.80 pm	8.06
. † UK	and instand a	re quoted in U	.S. currency. Fi	prward p	premiums and	i
disc	ounts apply to	the U.S. dotte	r and not to the	individ	iual currency	-

g 0	CURRENCY	MOVE	MENTS	CU	RR	ENC	Y RA	TES
ď.	Feb.16	Bank of England Index	Morgan Guaranty Changes	· Feb.	15	Bank rate	Special Drawing Rights	Europea Currenc Unit
	Sterling	91.6 113.4	-52.5 +6.0	Sterling		12	Unavall.	0,55878
ä,	Canadian dollar	88.1	-17.8	Canadia	n \$	14.87		1,24570
X	Austrian schilling. Beigian franc	115.3 103.7	+23.4 - +6.7	Austria (634		17,2007
5	Danish kroner		-11.8	Belgian Danish k	F	14	••	8.02185
T	Deutsche mark		+42.9	D mark.		710	" !►	2.45132
ı	Swiss franc	151,9	+ 105,7	Guilder.				3,68639
r	Guilder	113.5	+19,3	French I	Fr	912		6,21544
n	French franc	79.6	-15.1	Lira		. 19		1307,42
	Market Market Market	_55.0	_57.8	Yen		512.	25 -	245,817
6.	Yen	135.0	+30.1	Norwgn.	. Kr.	•	PP	6,14389
E				Spanish			•	105.658
5	Based on trade we	ignind élli	Rgas frois	Swedish	Kr.	11	,	6,94715

OTHER CURRENCIES

Argentina Peso 18,355-18,355 to 10,000-10,450 to Austria 30,55-30,95 Australia Dollar 1,6975-1,6995 to 9270-0,9275 Belgium 32,533-384-53 158,584-139 to 19,9270-0,9275 Belgium 44,31-14,45 Enland Markka 8,517-8,340 to 19,675-113,585 to 19,675-10,875 to 19,675-113,585 to 19,685-12,685 to 19,685-12,	Feb. 16	. 2	\$		E Note Rates
	Anstralia Dollar Brazii Cruzeiro Finland Marktoa Greek Drachma Hong Kong Dollar Iran Rial Kuwait Dinar (KD) Luxembourg Fr Maiaysia Dollar Maw Zealand Dir. Saudi Arab. Riyal Singapore Dollar Sth. African Band	1,6975 1,5995 253,33 254,53 8,517-8,540 110,677-113,887 149,75 0,520-0,528 74,70,74,80 4,2715-4,9816 2,3240-2,3280 6,23-6,29 5,8973-3,9075 1,8085-1,8086	0.9270-0.9275 158,36.139.05 4,5470-4.5490 61,50-61,70 5,9225-5.9255 81,60° 0.2857-0.2859 40.81-40.83 2,3610-2,3530 12,686-1,2695 3,4195-3,4215 2,1270-2,1280 0,9865-0,9875	Belgium Denmark France Gernany Italy Japan Notherlands Norway Portugal Spain Sweden Switzerland United Status	82,30,83,30 14,31,14,45 11,07,11,17 4,37,4,41 2300,2375 441,446 4,79,4,83 10,97,11,07 185,1301 ₂ 184,194 10,68,10,72 3,49,3,55

Now one rate. * Salling rate terling 3.9025-3.9125.

The fixing rates are the arithmetic means, rounded to the negrest one-s

of the bid and offered rates for \$10m quoted by the market to five reference bank

at 11 am each working day. The banks are National Westminster Bank, Bank of

Tolom Desterbe Rank Rangue Nationale de Paris and Moroan Guaranty Trust

PYOUAN	05 65	000	BATEC
EXCHAN	SE VN	O22	TA! EJ_

7.91117

6.17443

German D-Mark French Franc ... Dutch Guilder ... Irish Punt

Feb. 16	Pound St'rling	U.S. Dollar	; Deutschem	'k Japan'se Yen	FrenchFranc	Swiss Franc	Dutch Guild'	Italian Lira	Canadia Dolla	r Belgian Franc
Pound Sterling	0,546	1,832	4.390	441.0	11,128	3,505	4,810	2339.	2,231	74.75
U.S. Dollar		1,	8.397	240.8	6,076	1,914	2,526	1277.	1,218	40.81
Dautschemark	0,228	0.417	9,955	100.5	2,535	0.798	1,095 -	532,8	0,508	17,05
Japanese Yen 1,000	2,268	4.153		1000.	25,23	7.948	10,91	5304.	5,059	169,5
French Franc 10	0.899	1,646	3.945	396.3	10.	3,150	4,323	2102	2,005	67,18
Swiss Franc	0.285	0,523	1.252	125.8	3.175	1.	1,372	667.3	0,637	21,33
Dutch Guilder	0.208	0.381	0,913 .	91,58	2,313	0,729	1.	486.3	0,464	15.54
Italian Lira 1,000	0.428	0.783	1,877	188,5	4,757	1,499	2.056	1000.	0,954	81.96
Canadian Dollar	0,448	0.821	1.968	197.7	4,988	1,571	2,156	1048.	1.	33,51
Belgian Franc 100	1,338	2,450	5,873	590.0	14,89	4,589	6,435	3129.	2.985	100.

FT LONDON INTERBANK FIXING (11.00 a.m. FEBRUARY 16)

bid 16 11/18 offer 15 18/16

'	5	-		10.00					
EURO-CURRENCY	NTEREST	RATES	(Market c	losing Ra	tes)				
Feb. 15	U.S. Dollar	Canadian Dollar	Dutch Guilder		West German Mark	French Franc	Italian Lira	Belgian Franc Convertible	
Short term 1418-1419 7:days notice 1414-1419	160g-165g 163g-165g 163g-165g	141g-151g 141g-151g 151g-155g	101g-1014 101g-1014 1014-101s	\$14-354 312-4 / - 758-734	9/3-10/5 9/3-10/5 10/8-10/4	1414-1412 1414-1412 1412-1454	19-21 19-21 193 ₁₋ 203 ₄	13-15 141 ₂ .151 ₂ 17-181 ₃	534-578 6-618 6-618

MONEY MARKETS

3 months U.S. dollars

bid 1611/16 | offer 1615/18

Quiet trading

London clearing bank base lending rates 14 per cent (since January 25)

Interest rates were slightly easier where changed in the London money market yesterday in predominantly quiet trading. Longon term rates reflected a fall in Euro-dollar rates while 13 per cent and in band 4 (short term rates reflected a short term rates reflected a sufficient funds to meet the shortage of day in day funds. Three-month interhank money was quoted at 141-141 per cent down from 1411-141 per cent compared with 141-141 per cent compared with 141-141 per cent. Overnight money opened at 141-141 per cent in band 4 (132 per cent in band 4 (133 per cent in band 4 (134 per cent while the one week rate was easier at 141-141 per cent. Overnight money opened at 141-141 per cent in band 4 (131 per cent while the one week rate was easier at 141-141 per cent. Overnight money opened at 141-141 per cent. Overnight money opened at 141-141 per cent in band 4 (131 141 per cent compared with of £13m of Treasury bills and 141-141 per cent and eased steadily to 13-131 per cent before coming back to 141 per cent. Rates then fell away to 8 per cent with late balances taken around 15 per level since last May

ing of £147m. This comprised purchases of £19m of Treasury LONDON MONEY RATES

Prime rate 16½
Fad, tunds (tunch tims) 16½
Treasury bills (13-week) 14,70
Treasury bills (25-week) 14,46

MONEY RATES

NEW YORK

GERMANY

FRANCE

APAN

nt rate ...

GOLD Quiet

was fixed at FFr 73,000 per kilo (\$373.19 per ounce) in the afternoon, compared with FFr 73,000 (\$373.44) in the morning, and

A.	day to day funds. Three-month interhank money was quoted at	rurther help was given in the		Feb.	16	Feb.	15
	141-141 per cent down from 141-1411 per cent while the one week rate was easier at 141- 141 per cent compared with	afternoon of £32m, making a grand total of £179m. The afternoon help comprised purchases of £13m of Treasury bills and £19m of eligible bank bills at	Close	576 378 25		\$375-376 \$37414-37514 \$375,56	(£30414-20434) (£30456-20518) (£305,106) (£304,965)
	money opened at 144-144 per cent and eased steadily to 13-131 per cent before coming back to 141 per cent. Rates then fell away to 8 per cent with late balances taken around 15 per cent. The Bank of England gave an early forecast of a shortage of \$100m with bills maturing in official hands and a net take up of Treasury bills accounting for \$130m, offset partly by Exchequer transactions of +\$100m. The forecast was revised to \$150m and the Bank	In Paris call money fell for the sixth day running to 14 per cent, down from 141 per cent on Monday and is now the lowest level since last May. In Amsterdam the new quota facility for three months starting tomorrow was announced by the central bank, averaging F1 3.84bn per day; F1 3.2bn will be available at the normal rate of 9.5 per cent and the remainder at 10 per cent. This latest facility is considerably less than the average expiring quota of F1 5.5bn, which com-	Krugerrand \$33 1/2 Krugerrand \$20 1/4 Krugerrand \$10 1/18 Krugerrand \$41 Mapletest \$38 New Sovereigns \$19 Victoria Sove \$10 French 20,2 \$88 50 pesos Maxico \$45 196 Cor. Austria \$45 520 Eagles \$50 prised F1 3.7bn at Howaver specia	Gold (7.388 0-201 1.102 4.2 8.389 921, 7.108 1.98 5.467 7.518 9.5 per 10 per	(£211 ¼, 211 ¾, (2210 ¼, 109 ¾, (2210 ¼, 109 ¾, (255 ¼, 55 ¾, (222 ½, 23 ¼, 212 ¼) (£26 ¼, 50 ¼, 50 ¼, 50 ¼, 50 ¼, 50 ¼, 50 ¼, 50 ¼, 50 ¼, 50 ¼, 50 ¼, 50 ¼, 6283 ¾, 255 ¼, (2283 ¾, 255 ¼, 258 ¼, 258 ¼, 258 ¼, 278 ¼, (2276 ¾, 278 ¼) cent able cent centra dity weeks	\$387-388 (# \$200-201 (# \$101-102 (# \$41-42 (# \$388-389 (# \$107-108 (# \$107-108 (# \$107-108 (# \$108-98 (# \$364-458 (#	2211 4.211 4) 2109-109 40) 255-55 10) 2213-2-25) 2211 4.212 4) 25614-563-4) 25814-583-4) 25814-583-4) 248-553-4) 125414-2653-4) 1297512-2781-4) 25614-2653-4) 257512-2781-4) 25614-2653-4) 257512-2781-4) 257512-2781-4)
	save assistance during the morning of £147m. This comprised	LONDON MONEY RATES					ŀ

Fab. 16 1982	Sterling Certificate of deposit		Local Authority deposits	Local Airth. negotiable bonds	Finance House Deposits	Company Deposits			Eligibie Bank Bills Ş	Fine Trade Bilis e
Overnight	1412-144a 1450-1412 1450-1413 1450-1414 1460-1412 1460-1413	8-155g 1414-141g 1415-1415g 1415-1415g 1415-1416 1415-1416 145g-1416	14% 14%-14% 14%-14% 14%-14% 14% 14% 14% 14%	15-14% 15-14% 15-14% 18-14% 14-13% 14%-14%	14% 14% 14% 14% 14%	133 ₆ -143 ₆ 145 ₈ 143 ₄ 15 15	18-141 ₈ 14 14 153 ₆ 135 ₆	13%	137g-1389 1347 1347 137g-135g 135g	1478 1434 1456 1478

Local authority and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates nominelly three years 14% per cent; four years 15 per cent; five years 15 per cent. • Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 13%-134%, per cent; four months trade bills 14% per cent; per cent.

Approximate selling rate for one month Treasury bills 13½ per cent; two months 13¾, per cent; three months Approximate selling rate for one month bent, bills 13¾, per cent; two months 13½-13¾, per cent and three months 13¾, 13¾, per cent; one months 14½ per cent; two months 14½ per cent; three months 14½ per cent; one months 14½ per cent; one months 14½ per cent; three months 14½ per cent; three months 14½ per cent; three months 14½ per cent; one months 14½ per cent; three months 14½ per cen per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 15½ per cent from Fabruary 1 1982.

Finance Houses Base Rates (published by the Finance Houses Association) 15½ per cent from Fabruary 1 1982.

Clearing Bank Deposit Rates for sums at seven days' notice 11½-12 per cent.

Clearing Bank Rates for lending 14 per cent.

Treasury Bills: Average tender rates of discount 13,7844 per cent.

Charterhouse Petroleum has new chairman

tor of British Petroleum, has (Chartering) from April 1. succeeded Mr M. H. W. Wells as chairman of CHARTERHOUSE PETROLEUM.

Mr John Shenton has been appointed managing director of PERIPHERAL HARDWARE.

Mr N. D. Peers has joined the board of CAYZER. Cayzer is a banking services subsidiary of Cayzer, Gartmore, whose ultimate parent company is the British and Commonwealth Shipping

Mr Eric Major has been ap-pointed a director of HODDER & STOUGHTON HOLDINGS, the parent company controlling Hodder & Stoughton's worldwide book publishing business.

Mr Richard Seymour has been appointed to the FURNESS WITHY board. He is chairman and managing director of Furness-Houlder (Insurance), Mr John J. Gawne and Mr John P. Robertson will both be retir-ing from the Furness Withy board on March 31. Mr John A. Fisher will succeed Mr Robertson as chairman and managing

Mr Peter J. Willows has been appointed managing director of UESCO MANUFACTURING CO., Bedford. He comes from Tarmac Mechanical Engineering Group, where he was project manager.

The following have joined the board of GEEST INDUSTRIES: Mr A. G. Darby, Mr J. A. F. Hallwood, and Mr B. Simpson.

appointed a director of KININ-MONTH RISK MANAGEMENT and D. M. SLADE AND CO. Mr David J. Peacock has been

promoted to the newly-created position of deputy managing director of RACAL-DECCA, in addition to his responsibility as managing director of Racal-Decca Navigator.

Mr Don Taylor, managing a partner on February 22.

director of Hunting Fuel Distribution, has been appointed chair
Mr Brian Gibbens has man of FUEL FAST. He is joined on the board of Hunting Fuel Distribution by Mr Martyn Bell. newly-appointed

retains his previous position as managing director of another HFD distribution subsidiary. Dr J. Birks, a managing director of Furness Withy Oakley Fuels, Bedford. While or of British Petroleum, has (Chartering) from April 1. Mr Richard Hunting, chairman increaseded Mr M. H. W. Wells as

relinquished their directorships in Fuel Fast both continue their roles with HFD. Mr Ambrose Cresswell maintains his position as financial director to both HFD and Fuel Fast. Two new faces appear at board level with Fuel Fast: they are Mr Alan Norris. previously south eastern regional manager: and Mr Malcolm Brazier, former regional manager for the Midlands area.

Mr L. J. Tolley is to retire from chairmanship of the board and from his directorship of RENOLD. It is the intention of the board to elect Sir Campbell Adamson as its chairman. These changes will take effect on July 30.

Mr Brian Gibbens has been He is joined appointed managing director of TRIAL AND TRADE FAIRS Mr Uning Fuel SHREWSBURY ELECTRONIC Colls Mackenzie, overseas director of the Cray Electronics Group.

director, who came to HPD He was previously managing 18 months ago as development director of Matthews and Vates, 18 months ago as development manager from Gulf Oil. Mr Bell a member of the Doulton Engineering Group.

> Mr Michael Hill has been appointed to the board of CRITTALL WINDOWS as Snaacial director.

Mr D. A. Richard, managing director of Evered Security Pro-ducts, becomes managing director of CARTWRIGHT LOCK AND PRESSINGS and it is intended to change the name of the enlarged lock company to EREBUS, Remaining members of the board of CLP are Mr J. C. Northam and Mr R. L. Teare, chairman and finance director respectively of Cartwright's and Mr G. R. Tuckley, works director

D. J. HIGGINS AND SONS has appointed Mr G. H. Bent and Mr B. R. Penman as directors, Mrs O. C. Higgins, company secretary since it was formed, has tendered her resignation (but Mr Anthony M. G. Watis-Russell is joining HIRST AND TURNER, stockbrokers. Leeds, as C. Stewart has been appointed company secretary to the group.

After 21 years with INDUS-TRIAL AND TRADE FAIRS Mr

FT UNIT TRUST INFORMATION SERVICE

OFFSHORE & **OVERSEAS FUNDS**

B.I.A. Bond Investments AG

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NOTES NOTES

Prices are in pence unless otherwise indicated.

Yealds % ishown in last columns allow for all buying expenses. a Offered prices include all expense.

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Pentax first through the lens

BY GLYN GENIN, PICTURE EDITOR

lens eye-level reflex camera— described as the world's first— is to be marketed by Pentax, but as one professional dealer put it: "Pentax have a reputation for being first, not always best; now they have invented a camera for the blind."

Nevertheless, the Japanese Asahi Optical Company, manufacturers of Pentax, has made significant developments in SLR technology in the past 25 years

The company was responsible for the first camera with an image. instant return mirror, the first production camera with throughthe-lens (TTL) metering for exposure control, the first multicoated optics and, when the Pentax ME-F camera and the Pentax AF zoom lens reaches the shops in March, the first with through-the-lens autofocus.

While unremarkable in appearance and similar, externally, to the Pentax ME-Super on which it is based, the viewfinder, used for picture composition and displaying exinformation, contains the autofocus signals. A red light emitting diode (LED) LED diamond in the bottom

This senses the distance between the two images, and from this information calculates the distance to the photo subject.

The green LED is lit when the picture image is critically sharp. The left-hand red LED indicates front focus, the right, back focus. The direction in which the illuminated arrow points also indicates the direction in which the lens' focusing mount must be turned to sharpen the

Silicon cells

Sharpness is assessed in the Pentax system by measuring relative contrast in the subject. A sharp border between a light and dark area indicates a sharply focused image, a diffuse border one out of focus.

A relatively small area of the picture is used for readingsthe centre of the focusing screen. Two rows of silicon

cells are located in the camera base. Light from the

A section through the Pentax ME-F camera which is fitted with a 35-70 mm AF zoom lens,

shows the position of the autofocus sensors. Right is shown the autofocus viewfinder indications

AN autofocus interchangeable arrow on either side of a green reaches the sensors through the ergonomic nightmare. I found camera's mirror system which acts as a beam-splitter, 35 per cent of the light is diverted to the autofocus sensors, 65 per cent to the viewfinder. The two sensor rows are positioned slightly in front and behind a line equivalent to the film

> When readings from the two rows of sensors are equal, the system's microprocessor generates the correct focus signal, which lights the green LED, and sounds an electronic "bleep."

The camera will accept all Pentax K mount lenses, and the autofocus system will operate with lenses from 24mm wide

angle to 300mm telephoto.
The lenses are operated normally, with the autofocus system patents protect developments. giving a sharpness indication. Pentax are introducing one lens, a 35-70mm zoom which has a built-in motor and allows full focussing automation. Two switches on the lens mount can be used to actuate the motor, which then hunts for the sharpest image.

My own brief experience of subject the lens was something of an

it cumbersome and slow to use. Pentax promise further motor ised autofocus lenses—hopefully lighter and more compact.

The question with any automated system must be, does it perform faster and better than the human equivalent—in this case the mark-one eyeball. The human eye will have problems with low light, low contrast conditions, but so will the Pentax sensors.

Good optics

The notion of automated camera focusing is not new-it has been studied by the photographic industry for more than 50 years and over a thousand

Autofocus cameras - the first, the Konica C35 AF, was launched late in 1977 — have until now been designed for the novice photographer. Equipped with good optics and well engineered — but very definitely aimed at the lucrative snapshot market.

A number of systems are used in these amateur cameras.

Polaroid use ultrasonic ranging

— bouncing high frequency
sound off the target — in their Sonar instant picture camera. Canon and Chinon use an infrared source, with a sensor measuring the angle of return from the subject and setting the focus accordingly.
One Canon camera, a super

8mm sound ciné model uses a solid state triangulation system. Sensors form a pattern -detecting screen similar to the human retina. Two separate images are formed on this electronic screen.

'Wait and see'

Pentax does seem to have solved the considerable prac-tical and theoretical problems of installing a reliable auto-focus system in an interchangeable lens camera. It now has to brave critical assessment from an industry unimpressed by gimmickry.

Other manufacturers are expected to announce their own autofocus models in the next few months. Perhaps the best advice to an intending buyer is wait and see."

The Pentax ME-F with 35-70mm AF lens will cost about Brighton in March. More from £370. More information from Waverley Pentax UK, 01-864 4422.

Viewdata systems

PRIVATE VIEWDATA systems based on the Canadian Telidon standards are being made available in the UK by Poulter Computervision of Leeds (0532 469611).

Main advantage of the system is its high definition graphics, which result from its having been developed several years after the UK Prestel system— although higher definition Prestel is in the pipeline. Poulter says it can cater for

all types and sizes of organisa-tion. The PV1/ICT, for example, is aimed at small businesses and costs £17,500. PVS2, however, enables larger organisations to store up to 20,000 pages of in-formation, accessed through a maximum of 64 user terminals.

The company lays considerable emphasis on the fact that the systems are capable of expansion without obsolescence as an organisation grows. It says that "all Telidon standards are designed to take into account all changes expected to affect Videotex (the non-UK name for Viewdata) until the turn of the century."

Shield for UV users

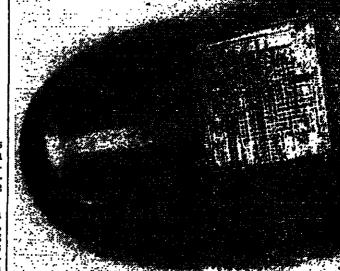
SCIENTISTS and researchers using ultraviolet trans-illum-inators or similar sources of unators or similar sources of UV light might like to know that a shield offering protection, not just for the eyes, but to the whole face is now available.

The visor-style shield, adjustable and costing £20, comes from Ultra-Violet Products, Science Park, Milton Road, Cambridge. More information on 0223 355722.

Surveyor

DEVELOPED from Waverley's type 2034 Sonar for sea-bed surveying is the Sonar Type 3000, up-dated with microprocessor control and offering record annotation, tape record-ing target expansion and colour video display.

The new model goes on show at the Oceanology Exhibition in Electronics



The equivalent of 4,208 logic circuits is combined with 13,000 bits of read-only memory on IRM's seven millimetre-square custom bipolar chip. This experimental chip, photo-graphed on a child's finger, has been magnified 13 times. ATALANTA ENGINEERING LIMITED with Tracking Estato, Harmonts Chartsey 62655 Telen: 8812538

GENERATORS TOPOKYAL WATER PUMPS UPTO SINCHES MANUFACTURED BY

Heavy-duty CNC lathes

TWO HEAVY duty models have been added to the Yamazaki slant-turn range of CNC lathes, available in the UK from Elgar Machine Tool Company (01-965 8911). These are designed to permit heavy cuts on large diameter workpieces. Standard machines have a 116mm spindle bore but the new models can be supplied with bores up to 530mm.

IBM unveils chip that can store 288,000 bits of information

BY DAVID FISHLOCK, SCIENCE EDITOR

the equivalent of about 25 typewritten pages — has been suction cessfully made as an experiment year. on an IBM production line. The achievement, with what is described as "non-zero yield," was presented at the Inter-national Solid State Circuits conference in San Francisco last

IBM claims that its memory chip factory at Burlington, Vermont, won the race — not the Japanese — for the first 64 kilobit (64k-bit) random access memory chip, back in 1979.

IBM manufactures only for in-house use, however. In 1980, Burlington shipped more 64k memory chips than the rest of the world put together. Today, it has advanced to a 72k-bit chip in production—the largest RAM in mass-production, it is

believed. But Burlington development engineers pushed the same technology to a chip which stores four times as much data in twice the area, made on the same production line. Several batches of the 288k-bit chips have been made, the conference heard from Brian Fitzgerald and Endre Thoma.

tion of its device early next

times — the time needed to read the contents of a memory cell and transmit the data as between 150 and 200 nanoseconds (thousand millionths of a second). By comparison the IBM device is slow at 350 nano-Burlington's basic production

Hitachi is quoting access

strategy in manufacturing memory is to start a process line with yields around 8-10 per cent, and drive it up to 60 per cent. Then it doubles the density of memory on the chip, halving the yield in the process. and drives this yield back up to 60 per cent. The 288k-bit chip has four

independent memory arrays, packed more densely than in the 72k-bit chip, partly by using a narrower line width. The engineers used electron-beam lithography to cut the masks, increasing storage density by 22 per cent. The line width is of the order of two microns.

The rest of the space-saving has come from innovative cir-cuit design. One innovation by optimising the layout of

A SILICON CHIP that can store at sampling stage or gearing up has been to introduce a separate 288,000 bits of information — for production. And Hitachi level within the chip for wring, the equivalent of about 25 type— expects to start volume production. side the memory cells. The out-come is a 288k-bit dynamic RAM measuring only 10mm by 6mm. According to its designers, there has been little loss of

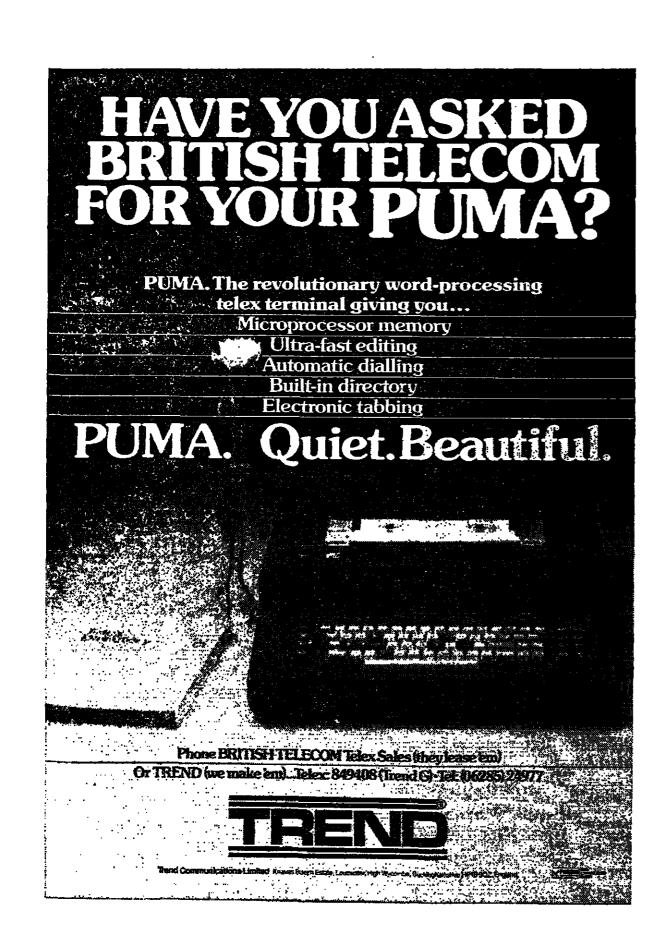
speed in achieving the increased packing density.

Redundancy is one of the secrets of successful transfer of this very large scale integration (VLSI) technology into production, IBM engineers say. They have used it in making all three sizes—64k-bit, 72k-bit and 288k-bit chips. For the first two it has enhanced productivity, especially when yields were in the range 10-30 per cent, early

in the life of the new chips. Redundancy is the idea of designing in spare memory cells, as substitutes for those found to be defective in final testing. By selectively blowing fuses with a burst of current, incoming data can be steered to as many as 1,152 spare cells,

bypassing the defective ones. Alternatively, entire blocks of cells can be isolated in this way, although this will reduce the final capacity of the chip. Yields of the 64k-bit chip, in

production since 1979, are now It is not the only company optimising the layout of claimed to be "very good." The in the 288k-bit chip race. Texas Instruments and Motorola are among the U.S. companies either per cent. The other innovation go for the 512k-bit chip?"



This announcement appears as a matter of record only

U.S. \$100,000,000

Medium Term Credit Facility

The Republic of Greece

Managers and Providers

Midland Bank plc

Manufacturers Hanover Limited

Arab Bank for Investment and Foreign Trade (Arbift) Abu Dhabi

B.A.C.-C.O.B. Private Savings Bank

The Bank of Tokyo, Ltd.

Credit Lyonnais

Bankers Trust Company

The Dai-Ichi Kangyo Bank, Limited

The Fuji Bank, Limited

The Mitsui Bank, Limited

The Sanwa Bank, Limited

Slavenburg Overseas Banking Corporation

Midland Bank plc



S.G.Warburg & Co. Ltd.

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lay February Ity

Canadian bank to raise \$125m through Eurobond

CANADIAN Imperial Bank of around 5 per cent

The issue was the only fixed rate dollar Eurobond lannehed yesterday on a day which saw a flurry of new issues in other sectors of the international have yet to be set. capital markets.

covering by professional traders through a 12-year 91 per cent as the New York bond market bond issue priced at 99 per edged up a little after a weaker cent by lead manager Deutsche

convertible private placement 8 per tent and issue price of through Union Bank of 1001 through Wirtschafts-und Switzenland on which conditions Privathank

SwFr 100m 10-year bond with Commerce is raising \$125m Led by Nippon Kangyn, an indicated yield of 71 per through a 16 per cent five-year Schroder Wasg, Namura Intercent through Swiss Bank Corponational and Dai-Ichi Kangyo, ration. The Inter-American the bonds are being floated Development Bank has launched simultaneously with a SwFr 50m a SwFr 50m five year issue at

The Asian Development West German and Swiss Bank has meanwhile launched In the secondary market, dol- foreign issues were down I and its first issue in Euroguilders.

In the secondary market, dol- foreign issues were down I and its first issue in Euroguilders.

The FI 100m 10-year 111 per down by 1 point on average of a group dollar and high U.S. cent bonds have been priced at with most of the drop being interest rates, but both markets 99 per cent by Algemene Bank recorded during the morning.

Some dealers reported short covering by professional traders through a 12-year 91 per cent pean investment Bank through a 12-year 91 per cent pean investment Bank through a 12-year 92 per cent pean investment Bank through a 12-year 93 per cent pean investment Bank through a 12-year 93 per cent pean investment Bank through a 12-year 94 per cent pean investment Bank through a 12-year issue at par. In the Kuwaiti dinar market,

edged up a little after a weaker cent by lead manager Deutsche issue at par. popular, and a, the Japanese metal processing machinery producer, raising DM 100m over five years. In the Kuwatti dinar market, a Dart and Kraft is raising processing machinery producer, raising DM 100m over five years. RD 7m over seven years is raising \$30m through a 15-year convertible issue with an price of 99½ led by Bayerische Investment Company. The indicated compon of 5½ per cent.

Kontrollbank is also floating a of 11½ per cent to 12 per cent.

part of negotiations only if problems developed in the Hughes dead. Satellite building, although part of a booming business in international telecommunications, has not so far been a very profitable operation because of overcapacity among builders and the relatively small number of big orders

Ford is expealing against the Intelsat decision, but at this stage appears to have little chance of reversing it. Intelsat

said Ford had come in second on the bids and would become

Ford loses

Intelsat

contract

to Hughes

FORD AEROSPACE, the large

and successful satellite building

subsidiary of Ford Motor, has

lost an important 31bh order to build the next generation of

Intelest international com-

munications satellites.
The International

communications

By Our. New York Staff

available. Hughes Aircraft is privately-owned aerospace and defence contractor based in California. Sales for the latest year came industry and replacement marto \$2.71bn compared with ket grew by \$100m in 1981, "a
\$2.52bn in 1979-80 and per share profits came to \$3.25 against considered to be one of the

Chrysler sale expected soon

CHRYSLER CORPORATION, the U.S. motor company, should its proposed sale of its defence subsidiary to General Dynamics. writes Our New York staff, Mr Douglas Fraser, president of the United Autoworkers union and a Chrysler director, said yesterday, the agreement had to be vetted by the Pentagon, but that the sale was expected to go through. The Chrysler sub-sidiary builds the M-60 and new M-1 tanks for the U.S. worth around \$300m, producing pre-tax profits of \$60m annually.

The sale will raise cash to hedp Chrysler through the current depression in the U.S.

units for sales of \$1bn in 1980. In taking 20.6 per cent of the Mexican market the subsidiary was the leading U.S. shilliated car maker for the ninth consecutive year.

n. American QUARTERLIES

MUNSINGWEAR

.24	Revenue	131.2m	133.5m
.79	Net profits	16.25m	13.85m
	† Loss		
ylď	NATIONAL GYPSUM	٠	
36		1987	1980
.17	Fourth quarter	S.	\$
25	Revenue	226.0m	
.13	Net profits	1.77m 0.12	14.1m l 0.85
.57	Nat per shere	U.12	0.65
98 29	Revenue	965.7m	983 9m
.12	Net profits	32.4m	
90	Net per share		3.82
37			
58	NORTH AMERICAN PH		
.15			1980
24	Fourth quarter	\$	\$
52	Revenue	906,5m 27,85m	638.2m 29.22m
22	Net profits	2,00m 2,03	2.22
41	Not per shere	2.00	
98 · 90-	- Revenue	3.03bn	2.17bn
33	Net profits	78,52m	74.38m
32	Net per share	5.79	5.69
04	OGILYY AND MATHER		
74		1981	1980
21	Fourth quarter	1361 S	\$
Æ ₹	Perenus	92_1m	
56	Net profits	5,94m	4.96m
31 15	Net per share	1.39	1.18
43	Year		
50	Revenue	302.9m	263.5m
57	Net profits	3.89	13.85m 3.31
08	Net per share		9.01
	PACIFIC TEL. AND TEL		
		4004	1980
	Year	S.	\$
ene OZ	Revenue	\$. 6.8bn	\$ 5.Bbn
ina 50 86	Revenue	\$. 6.8bn 438,8m	\$ 5.85n 363.4m
50	Net profits	\$. 6.8bn 438,8m	\$ 5.Bbn
50 86 15 10	Net profits	\$. 6,8bn 438,8m 1.90	\$ 5.8bn 363.4m 1,81
50 86 15 10	Net profits	\$. 6.8bn 438,8m	\$ 5.8bn 363.4m 1,81
50 86 15 10 09 73	Revenue Net profits Net per shere PETROLANE First-quarter	\$. 6.8bn 438.8m 1.90	\$ 5.8bn 363.4m 1,81 1990-81
50 86 15 10 97 73	Revenue Net profits Net profits Net per shara PETROLANE First-quarter	\$. 6.8bn 438.8m 1.90 1981-82 \$. 573.4m	\$ 5.8bn 363.4m 1,81 1990-81 \$
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50 86 15 10 09 73 97 98	Revenue Net profits Net profits Net per shara PETROLANE First-quarter	\$. 6.8bn 438.8m 1.90 1981-82 \$. 573.4m	\$ 5.8bn 363.4m 1,81 1990-81 \$ 480.5m 0,54

RAYMOND INTERNATIONAL

rate) for U.S. dollars C.cpn=The current coupon. C.yld=The current yield.
Convertible Bonds: Denominated in dollars unless otherwise indicated. Chy. day=Change on day. Chv. data—first data for conversion into shares. Chv. price—Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percantege premium of the current effective price of acquiring theres via the bond over the most recent price of the theres.

in part in any form not permitted without w neant. Date supplied by DATASTREAM Internation

EARNINGS SLIDE AT FIRESTONE

Bridgestone buys U.S. tyre plant

has made its long awaited entry into U.S. tyre manufacture by buying from Firestone Tire and Rubber a plant in Nashville, Tennessee. At the same time, Firestone reveals a sharp setback in first quarter trading.

Bridgestone will pay Fire-tone \$52m for the plant, which currently makes radial tyres for use on heavy trucks and buses. · Satellite Commonications Satellite
Organisation said that instead Eventually, the company is expected to start producing light truck tyres at the Nashville plant as part of a tie-up of the strong favourite. Ford, it had selected Hughes Aircraft after a preliminary assessment of bids to build the Intelset VI with Nissan, the Japanese series of satellites.
Fond is the builder of Intelsat V and had been confident of whining the work on Intelsat VI. motor company which is cur-rently building a light pick-up truck plant near Nashville.

the \$95.7m achieved in the pre-vious year to August 31 1980, which was well down on the

\$164.2m of 1978-79.

as the world's fourth largest tyre manufacturer.

Bridgestone is reported to have considered buying a num-ber of other smaller U.S. tyre companies or parts of their operations during the shakeout which has occurred in the U.S. tyre industry in the last year, but seems to have only become convinced of the wisdom of direct investment because of the potential tie-in with Nissan.

Bridgestone will also con-tinue to supply heavy duty radial tyres to Firestone dealers for sale under the Firestone label. Firestone does not have

Slight recovery in Dana profit

DANA CORPORATION, the (last-in first-out) accounting advanced by 13.4 per cent to U.S. motor components and adjustments. This was partially almost \$700m.

Mr Gerald Mitchell, the chair-

man, pointed out that the

group's sales to the motor

worst" in the automotive

currency translations.

One issue Bridgestone would not comment on yesterday was its future relationship with the United Rubber Workers Union, which currently represents most manual workers at the plant. Niesan has made it clear that it would prefer to operate its Tennessee plant without union involvement.

compares with a net of \$76m or \$1.32 a share on sales of \$1.06bn in the corresponding quarter a year earlier. The In recent years, Bridgestone type of tyre in the U.S.

The Nashville plant was built was swollen by special factors—
tor in the U.S. tyre market, in 1972 and currently employs recording sales last year of about 900 people. It is capable for the period was \$20m.

BRIDGESTONE TYRE, the \$240m. Total sales were \$3.2bm of turning out 3.000 tyres a day.

leading Japanese tyre company, and the company claims to rank has made its long awaited entry as the world's fourth largest at half capacity.

Pre-tax profits from North but has recently been operating at half capacity. another slump in demand for new cars and the effects of the recession. Overseas, Firestone earned \$33m, down from \$50m, because of a drop in raw rubber prices and the exclusion in the quarter just ended of figures

from Firestone South Africa. Firestone said yesterday that it will not realise an earlier First quarter results from share this year. It added, how-restone, meanwhile, show a net income of only 2 or 3 cents a share on sales of \$889m. This compares with a net of earning \$2.20 a share this year. It added, however, that it was managing to hold steady its share of the original equipment two. although its share of the replacement tyre market had fallen by 15 per cent in the last two years because of a heavy programme of capacity cuts in the unprofitable crossply tyre business.

Banco Espanol restructuring

BY JIMMY BURNS IN BUENOS AIRES

la Plata, one of the few large deposits or resos and an estimated light lead by Argentinian private banks to The plan envisages an estimated Vazquez Iglesias family led by have survived the local banking mated 20 per cent reduction in the current president, Sr Jorge the bank's 2,100 workforce, Vazquez Iglesias. full details of the plan. Howhealth within the next two

Executives of the bank, with approval in principle from the Cristaleria de Yuyo, a local central bank, have drawn up a bottle manufacturer which suspackage of measures which in-pended payments last year, with chude an increase in capital on outstanding debts estimated at a one-to-one basis, a rationalisation of the bank's total number of branches and a general plan follows a major manage- Internacional

will be published next on Tuesday March 16.

Chicorp O/S 164 86... Cities Service 17 88 ... Cons. Besthurst 172 88

DEUTSCHE MARK

Limited

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Change on

Bid Offer day week Yield

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1007, 1004, -03, -04, 10.16

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987, 997, -07, -07, 9.89

1003, 1012, +03, +04, 10.16

987, 1004, +07, +07, 10.16

987, 1004, +07, +07, 10.11

983, 987, -07, -07, 10.21

1007, 1014, 0 0 10.74

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Change on

reached on a restructuring plan Banco Espanol has a capital of March which effectively confor Banco Espanol de Rio de Pesos 410bn (\$41m) and solidated the ownership and la Plata, one of the few large deposits of Pesos 3,569bn.

—the sixth largest private bank largely through early retire—in the country measured by ment and the possible closure deposits—has declined to reveal of some of its 64 branches. Closer supervision of its ever, according to banking credit policy follows the sources, the plan is aimed at accumulation of what is believed restoring the bank's financial to be a large amount of bad

debt in Espanol's overall loan portfolio. Banco Espanol is one of the main creditors of

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which

AGREEMENT HAS been tightening up of credit policy, ment shake-up in the bank last

The fortunes of Banco Espanol will be closely observed by the local banking community which two years ago watched with alarm as a rim on deposits led to the collapse of a number of financial insti-

tutions. . The Banco de Intercambio Regional (IR), the country's largest private bank, was liquidated and the central bank was forced to intervene to shore up three other major banks-Banco de los Ande Approval of the restructuring Banco Oddone, and Banco

Closing prices on February 16

Defence boost for TransTech BY TERRY BYLAND.

The latest year includes a 41 industry.

industrial products group, has offset by a 26 cents a share gain reported profits of \$115.6m for from the adoption of the new 1981. The total compares with accounting standard for foreign

THE REAGAN Administration's which are now split around plans for increased spending on 64 per cent aerospace defence defence is likely to benefit and the rest from textiles, TransTechnology Corporation, makes infrared countermeasure the California-based aerospace flares and crew escape systems defence company which sells more than half its turnover to the U.S. Government. Mr Arch Scurlock, chairman, said in London this week that he expects the group to turn in sales of around \$65m for 1982-83, compared with the \$52m expected for the current year development in the bid talks

for the U.S. military, and is a leading manufacturer of textile finishing machinery. It also owns Belfort Instrument, believed to be the largest U.S. maker of ground meteorological instruments.

There has been no further Sales backlog currently stands with Breeze Corporation, the at about \$23.7m but the backlog manufacturer of mechanical and for the aerospace defence side electrical equipment, but Transcar market.

However, despite the problems in its home market, Chrysler

TransTechnology, profits of cent to 11.95

The company is concerned about the early months of the current year, although it believes it is in a good position to take advantage of the expected upturn in the economy later this year.

It was continuing its programmes designed to control costs, improve productivity, consolidate assets and strengthen its competitive position, Mr Mit-

Quarterly surge at Kroger

By Our Financial Staff

KROGER COMPANY, the U.S. supermarket operator which ranks as the second largest U.S. food retailer, pushed up final quarter net profits from \$29.6m to \$52.6m on sales little changed at \$2.74bn against \$2.72bn.

For the year profits were ahead from \$94.39m \$128.04m, or from \$3.41 a share to \$4.39, on sales of \$11.27bn compared with \$10.32bn.

Kroger last year added to its sales space and moved to alter its product mix to include more high margin in specialty food as well as non-food items.

Development costs hit Northrop result

By Our Financial Stoff AN INCREASE of \$1.4m in final

quarter net profits to \$17.1m has been reported by Northrop, although growth at the aerospace group came only as a result of a substantial, but unspecified rise, in interest income and a much lower effective tax

Results generally were affected by increased expenditures on its F5-G air defence fighter. For the year net profits were down from \$86.1m to \$47.9m on sales ahead from \$1.66bn to \$1.99bn. The final quarter sales were \$564.2m

against \$471.7m. Government U.S. accounts for about 70 per cent of Northrop's sales, and at the end of 1981 the company had a backlog of orders totalling \$2.31bn compared with \$2.23bn

a year earlier. Northrop, which has won a large development contract for the so-called Stealth bomber and builds fuselages for the Boeing 747, said total 1981 spending on the F5-G programme totalled \$153.6m in the year compared with \$35.4m in 1980, with \$58.9m, compared with \$14.8m.

being outlayed in the final

quarter. Annual per share profits were down to \$3.31 from \$6.04 with \$1.16 against \$1.10 coming in the final quarter.

This announcement appears as a matter of record only

U.S.\$125,000,000 **Medium Term Credit Facility**

Istituto per la Ricostruzione Industriale

Midland Bank International Orion Royal Bank Limited

The Mitsubishi Bank, Limited

The Bank of Nova Scotia Group

The Sanwa Bank, Limited

Banque Intercontinentale Arabe The Daiwa Bank, Limited

The Bank of Yokohama, Ltd. Credito Italiano, London The Mitsubishi Trust and Banking Corporation

The Yasuda Trust and Banking Company Limited

Co-Managed by

B.A.C.-C.O.B. Private Savings Bank Manufacturers Hanover Limited

Kleinwort, Benson Limited **Slavenburg Overseas Banking Corporation**

The Mitsubishi Trust and Banking Corporation

Manufacturers Hanover Bank (Guernsey), Ltd.

The Mitsubishi Bank, Limited

The Sanwa Bank, Limited

Credito Italiano, London

Tokai Bank Nederland N.V.

Nomura Europe N.V.

The Bank of Yokohama, Ltd.

B.A.C.-C.O.B. Private Savings Bank

Tokai Bank Nederland N.V.

Funds Provided by

Midland Bank plc The Royal Bank of Canada Group The Bank of Nova Scotia Channel Islands Limited Banque Intercontinentale Arabe The Daiwa Bank, Limited

The Yasuda Trust and Banking Company Limited Kleinwort, Benson Limited Slavenburg Overseas Banking Corporation

The National Bank of Washington, Washington, D.C. Clydesdale Bank PLC

Midland Bank plc

OTHER STRAIGHTS Issued Bid Offer Can. Utilities 17 99 C3 50 197 972. Federal Day, 178 88 C\$ 40 1197 102. GMAC (Can.) 18 87 C\$ 60 1104 105 Pancanadian 167 86 C\$ 50 1100 101 Roynat 177 86 C\$ 20 1100 101 Tordom Cpn. 137 85 C\$ 30 1334, 944. M. 8k, Darak. 9 31 EUA 25 857, 874.

Bit. America 14-2 85 FF7 250
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Baneficial 14-3 90 £ 20
BRP 13-2 81 £ 25
CRICOPD 0/S 13-3 90 £ 50
FIN. Ex. Cred. 13-3 86 £ 15
Gen. Elec. Co. 12-2 89 £
Hiram Walker 14-3 85 £ 25
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J. Rothschild 14-3 90 £ 12
Swed. Ex. Cr. 13-3 85 £ 20
Atzo 9-4 87 Losfr 500
Eurofima 10-2 87 Losfr 500
Eurofima 10-3 87 Losfr 500
Eurofima 10-3 87 Losfr 500
EU COATING RATE +1,15.42 +1,15.73 +1,

No information: available—previous day's price.
† Only one market maker supplied a price.

Streight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yan bonds where it is in billions. Change on week "Change over price a week earlier. Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte-Date next coupon becomes effective: Spread "Margin above above mean ab-month offered rate (‡ three-month; shows mean rate) for U.S. dollars C.cpn=The current common C.yid=The current visid

AMP Annual revenues of AMP in 1980 were \$1.156bn, not \$1.56bn as reported in our summary of North

Sharp rise in earnings at Svenska Handelsbanken

BY WILLIAM DULLFORCE, NORDIC EDITOR, IN STOCKHOLM

yesterday reported a 41 per cent improvement in group Adjusted group earnings are earnings to SKr 1.36bn shown as SKr 20.20 a share on (8234m) for 1981. The operat-the ordinary stock, compared the ordinary stock. ing profit for the bank itself with SKr 14.40 in 1980 and climbed at the same rate to SKr 17.50 in 1979. The group

The board is lifting the 24 per cent to SKr 102.4bm. dividend by SKr 0.70 to The bank's income climbed SKr 5.50 a share. The dividend by 25 per cent while the

Handelsbanken a share. The total dividend 26 per cent to SKr 1.66bn. cost will be SKr 150.7m. balance sheet total rose by

allocate SKr 820m to the

reserves, bringing them to a total of SKr 4.66bn. After tax, Svenska Handelsbanken showed a 46 per cent improvement in net profit to on the index shares, which is increase in costs was held to adjusted in line with the 12 per cent. Personnel costs SKr 40bn during the year, swedish consumer price index, rises from SKr 1.70 to SKr 1.90 cent. Interest income was up by cent to SKr 39.8bn.

growing European market.

envisages a turnover in 1982 of about L50bn.

Tecumseh is a further example

of growing co-operation between Fiat and U.S. compo-

Iveco, the Fiat heavy vehicles

subsidiary, entered a joint venture with Rockwell for the

manufacture of rear axles in

Italy. Another Fiat subsidiary.

Semelco, has just reached an

agreement with the Italian sub-

agreement

Nissan takes control of Motor Iberica BY JAMES BUXTON IN ROME

By Robert Graham in Madrid THE SPANISH GOVERNMENT

has given the go-ahead for Nissan Motor of Japan to raise its 36 per cent stake in Motor Iberica to 55 per cent.
Nissan will acquire control

through a four-for-nine rights issue which will inject Pta 2 19bn (\$21.5m) into Motor Iberica. Nissan bought its previous interest in Motor Therica, a leading producer of agricultural machinery and light vehicles, from Massey Ferguson in January 1980 for \$40m. At the time the Japanese company indicated that it would eventually seek majority control.

Three months ago Nissan announced that it intended to invest more than \$60m in the begin manufacturing two NORDEN, one of Norway's Nissan models—the Vanette largest insurance groups, and the four-wheel-drive Patrol increased pre-tax profits to

Spanish approval for the deal follows Suzuki's recent plans for a co-operative with Landrover from 12 per cent (the maximum Santana in the production of the four-wheel drive Jumy in

Fiat in small motors joint venture with US. group

FIAT, the Italian motor group, and market the motors for the has established a joint venture for the manufacture of small engines with Tecumseb Products, one of the leading U.S. companies in the field. The 50-50 joint venture, in

which Fiat is represented by a components subsidiary, Aspera, is to be called Tecnamotor. It will concentrate on making twostroke and four-stroke motors. Tecumseh operates on a world scale in small engines and other industrial products and has annual sales of about \$1bn. The new company, based at sidiary of Motorola of the U.S. Turin and with a capital of for the supply of electronic L16bn (\$12.5m), will produce semi-conductors.

Norden lifts profits and dividend

NORDEN, one of Norway's servative Government, Fay groups, Gjester writes from Oslo. Total turnover reached about over NKr 60m (\$10m) in 1981 from NKr 54.4m and is increasing its dividend NKr 3bn. Profits at the non-life company, Norden Skade, were weaker, but advances were made by most non-insurance permitted in 1980) to 13 per subsidiaries. These include a cent. The ceiling on dividends data-processing company and has been lifted by the new Conseveral investment companies.

Strong growth at **Paribas** banking arm

Credit losses are listed as SKr 50m and currency losses COMPAGNIE Financiere de Paris et des Pays-Bas, hold-

ing group for the newly-nationalised Paribas banking empire, raised net profits last year to FFr 306m (\$50m) from FF_T 289m in 1980.

In his final letter to shareholders, M Jacques de
Fouchier, brought in as chair-

Fouchier, brought in as chairman on a temporary basis after the resignation of M Pierre Moussa, said that the group's banking subsidiary, Banque de Paris et des Pays-Bas, had made "more spectacular" progress in increasing net profits by 20 per cent from FFr 142m to FFr 170m.

This figure was achieved, said M de Fouchier, after making "exceptional" provisions to allow for the difficult business climate. A big jump in cash-flow, from FFF 544m to FFF 823m, partly deciving from the group's deriving from the group's rapid international development, made the provisions

Consolidated figures for the group, which made net consolidated profits in 1980 of FFr 1.3bn, are not yet available.

M de Fouchier added that the revised government terms for nationalisation of Paribas. which amount to FFr 312 a share against FFr 221 under the original offer, was a com-promise between "the desir-able and the possible."

But although elaiming that the revised figure represented only half the real value of the company's assets, he said it gave room to hope that possible legal actions demanding better treatment for over-seas shareholders could be avoided.

The increase in the Government's compensation terms would Paribas help to maintain international busi-

William Chislett reports on a Central American debt problem

Costa Rica goes back to the IMF

THE INCOMING Costa Rican Government of Sr Luis Alberto Monge is wasting no time in starting to tackle the nightmarish foreign debt problem which it inherits from the Carazo Administration on being swept to victory in this month's elections.

Central The republic is about \$577m in arrears on unpaid interest and capital repayments on its \$2.9bn public sector foreign debt.

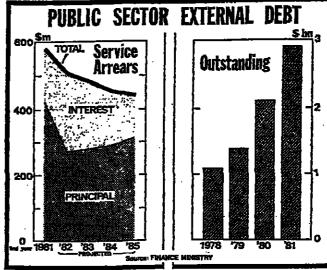
The National Liberation Party (PLN) will not take office until May. But already it has decided to send a mission to Washington en Monday, to re-establish good relations with International Monetary

The outgoing Government broke two IMF agreements in two years, and relations became so bitter that the Administration closed the Fund's office in San Jose. The Government took objection to the way in which the IMF's local representative suggested Costa Rica should implement austerity measures. Commercial banks, including have an exposure of about

They are adamant that they will not reschedule their debt until Costa Rica signs a new IMF facility and pays some interest. "The first thing we have to do is establish some credibility," says Sr Eduardo Lizano, a senior economic adviser to the incoming Government. " After what the Carazo

\$1.1bn out of the total \$2.9bn.

Government did, nobody believes Costa Rica is serious." The Monge Government is anxious to have an IMF representative in San Jose as soon as possible. "How can we reach agreement with the Fund when it hasn't even got a presence in Costa Rica?" The PLN would like a letter of intent with the IMF to be drawn up by the time it takes office in May. It will also meet the steering committee of foreign banks in March, for the first time.



more determined to reach agreement with the IMF-the key to Costa Rica's prospects for economic recovery-it too, Lloyds and Bank of America, some of the IMF's belt-tighten-have an exposure of about ing measures. "We know that must have an agreement." Sr Lizano says, "but we cannot accept 100 per cent of their

> The Monge Government is prepared to increase petrol prices and utility prices, as the IMF demands, but it is reluctant to make sweeping cuts in the Budget for fear of sparking off social unrest. And the economic crisis which it has inherited from the free-spending Carazo Government is so severe that it can pay very little of the interest arrears even though it

measures.

wants to show good faith. Had Costa Rica paid the \$577m interest and principal total exports of \$1bn. The central bank sold

But while the PLN is a lot Sr Jose Miguel Alfaro, the vicepresident in charge of the economy under the Carazo Government. PLN officials believe that only a token amount can be paid.

Costa Rica went cap in hand to its last meeting, in January, with its international creditors. The Government said that it could pay the arrears on its interest only if the banks made new money available. The banks threw out this

request. "They are crying wolf too much." said one European banker. The banks believe that Costa Rica could pay some of the arrears if it made sacrifices in its ballooning public sector spending and stopped living beyond its means.

The banks are prepared to roll over capital payments for a year, but only if some of the arrears on interest are paid and interest is also paid during the owing in the last five months year of extension. The year of 1981, it would have swal- would allow the new Govern- Rica's \$897m private sector lowed the bulk of the year's ment to work out a definitive external debt. Most companies agreement with the IMF, it is thought. This would open the \$40m of its gold last year. "We door to earnest rescheduling cannot pay any interest," says talks.

has been compounded by the tricky issue of whether Costs Rica should include its \$133m of bonds in a rescheduling agreement. Costa Rica is breaking ground, along with Poland. in this issue, since no sovereign borrower has ever rescheduled bonds, and Costa Rica could well have the dubious distinction of setting a precedent in

The issue has sparked off a row between the commercial banks, which want all debts to be treated equally, and investment banks, which insist that the bonds be excluded from rescheduling. Under pressure from the steering committee, Costa Rica has agreed to reschedule the great majority of bonds which are held by institu-

tions and not individuals. Sr Luis Bell, the Carazo Government director of public sector foreign borrowings, says that Costa Rica was forced to stop bond repayments last November, after the commercial banks threatened to call off rescheduling talks if any bond payments were made.

But drawing a distinction between individual and institutional holders is no easy matter. make the definitions.

Mr Neil Balfour, executive director of the European Banking Company, which led the largest outstanding bond issue to Costa Rica, of \$50m, arrived hot foot in the country early this month to try to persuade the Carazo Government to re-think its decision. Officials told him that their hands were tied by the steering committee.

The bond issue has raised all sorts of complex technical and practical problems. At the same time, bankers are becoming highly nervous about Costs want to reschedule their debt since the present economic climate is driving them to the

Kent-Moore Corporation

has been acquired by a wholly owned subsidiary of

Sealed Power Corporation

We initiated this transaction, served as financial adviser to Kent-Moore Corporation, and assisted in the negotiations.

WARBURG PARIBAS BECKER
A.G.BECKER

February 1982

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SENA

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February, 1982

senior posts ● Mr Andrew J. Melton Jr and

Mr C. Wesley Poulson have been elected to the board of directors of Sears, Roebuck and Company, Chicago. Mr Donald A. Deutsch and Mr William E. Sanders have been elected vice-presidents of Sears, Merchandise Group. Mr dent public affairs and Mr Sanders vice-president, personnel

Mr Melton and Mr Poulson were elected for an interim period until the company's annual meeting in May, when сошрапу в they will be candidates for election by Sears shareholders. They replace Mr Preston Martin and Mr William I. Spencer, who have resigned from the board. Mr Melton is chairman and chief executive officer of Sears Financial Services Group and of Dean Witter Reynolds Incorporated, which merged with Sears last year.

Mr Poulson is chairman and chief executive officer of the Seraco (real estate) Group of Sears and of Coldwell, Banker and Company, which also was acquired by Sears last year.

• RENAISSANCE RESOURCES, Canadian-based oil and gas ex-ploration company, has ploration company, has appointed Mr J. Robert Paget

company secretary as vice years.

Sears, Roebuck president corporate development. Mr Dick Wigington becomes exploration manager; Mr to executive vice-president.

INTERNATIONAL APPOINTMENTS

Peter Davies comptroller; and Mr Grant Wierzba becomes manager, drilling and completions operations.

 Mr Matty Vanderbroeck has mr Matty Vanderbroeck has been appointed managing director for the Benelux and France of the international Swiss consulting group KNIGHT WEGENSTEIN. He was principal with Booz Allen and Hamilton Inc in Paris. Mr Vandamilton Inc in Paris. derbroeck will work from offices BANK OF NEW YORK COM-PANY has appointed Mr Peter Herrick as president and chief operating officer of the Bank of New York. He succeeds Mr J. Carter Bacot, who was named chairman and chief executive officer of the bank and the hold-ing company after the death of Mr Elliott Averett on January 12. Mr Herrick previously was executive vice-president in charge of national and special industry banking, metropolitan

banking and international banko Mr G. F. Parsons, formerly group chief executive with John Laing and Sons, has joined the board of McINERNEY PROPER-TIES, Dublin. Mr. Ambrose McInerney is to continue as non-executive chairman and Mr Dan McInerney will remain chief executive for a further two

Succeeding him as president of the petroleum services division is Mr G. E. Stevens, previously president of the company's con-tract drilling subsidiary, tract drilling su Brinkerhoff-Signal Inc.

• Mr Peter C. Brockett has joined PACIFIC LIGHTING CORP as treasurer. The com-Southern California Gas Com-

AM INTERNATIONAL. AM INTERNATIONAL, Chicago, has appointed Mr Wayne Rockenbach as assistant controller responsible for the company's internal and external financial reporting. Mr Kenneth J. Huffman has

been named director of investor relations for SUN COMPANY, Radnor, Pa. He replaces Mr Leman M. Davis, who was appointed director of strategic planning. • Mr Alan Gregson has been

appointed vice-president—con-troller, LEVI STRAUSS INTER-NATIONAL, San Francisco. He joined the company in 1972 as deputy controller, UK. CONRAC CORPORATION, Stamford, Ct. has appointed Mr Robert J. Hanks to the company's headquarters staff as a group executive covering overall management of the company's

He comes to Conrac from General Telephone and Electronics, Inc. where he has been vice-president and general manager of GTE Communications Products. Asia-Pacific operations.

telecommunications

Following the deaths of Dr H. Grob. general manager, SWISS BANK CORPORATION and of Mr P. Stern, manager at the Basle pany's principal subsidiary is office, the board has appointed southern California Gas Com. Mr Francis Christie, at present pany, said to be the largest central manager, to be general natural gas distribution company in the U.S.

Georges Blum, at present manager transfer of the contract of the con central manager from April 1.

Mr Wesley M. Witten, president of the ETSI Pipeline Project, San Francisco, has been given the additional responsibilities of chairman of management committee chief executive officer of the COAL SLURRY PIPELINE JOINT VENTURE. He succeeds retired from active day-to-day operation of the project. Mr Komes will continue as a consultant to the project. Mr Witten, a 25-year veteran of Atlantic Richfield Company, joined ETSI as president in July 1981. Partners in the joint venture include the following com-panies or their subsidiaries: Atlantic Bichfield, Bechtel, Kansas-Nebraska Natura! Gas, Lebman Brothers Kuhn Loeb, and Texas Eastern.

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U.S. \$200,000,000

ZERO COUPON GUARANTEED NOTES DUE 1994

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UNION BANK OF SWITZERLAND (SECURITIES) LIMITED

The Notes, in denominations of U.S. \$1,000 and U.S. \$10,000 issued at 19.75 per cent. in the case of the Notes due 1994 and 17.25 per cent. in the case of the Notes due 1995, have been admitted to the Official List by the Council of The Stock Exchange, subject only to the issue of the relevant temporary Notes.

Particulars of the Notes, the Issuer and the Guarantor are available in the Extel Statistical Services Limited and may be obtained during normal business hours (Saturdays excepted) up to and including March 3, 1982 from the brokers to the

Cazenove & Co.,

February 17, 1982

Alcan Australia and Comalco down

BY GRAEME JOHNSON IN SYDNEY

have reported sharply lower earnings because of the de-despite a 29 per cent increase pressed state of the industry. Both companies have cut their dividends.

Alean, which is 70 per cent A\$710m. owned by the Canadian producer, suffered a 61 per cent fall in net profits for the year ended December to A\$7.34m (\$US\$8m) from A\$18.7m a year earlier. It has declared a final dividend of 5 cents a share. against 11 cents a year earlier. Comalco, which is 45 per cent owned by CRA, a leading Aus-

tralian resources company, reported a 62 per cent fall in net profits to A\$28.42m from

African engineering

group, raised its operating

profits by 26 per cent to R14.2m (\$14.5m) in the six months ended December. Turnover

rose by 39 per cent to R138.4m.
The increase at the net level, however, was held to 12 per

cent, mainly by a near doubling

of interest charges to R4m. Net profits were R7m, or 35 cents a

share, against R6.6m, or 32

cents a year earlier. It declared an interim dividend of 16 cents

The company said its per-

ALCAN AUSTRALIA and A\$75.2m. It has reduced its Comalco was hit by lower Comalco said that despite Comalco, two of the country's full-year pay-out to 5 cents a returns on overseas sales of low-priced spot sales by many major aluminium producers, share from 9 cents.

The profit slumps came in Alcan's turnover to A\$235.4m and a modest increase in Comal-co's sales to A\$715m from

The results were expected after an exceptionally gloomy year for the international aluminium industry. Alcan was partially protected, how-ever, because it is a large trader of alumina, long-term contracts for which help cushion the impact of fluctuat-ing prices. Also, it is not involved in costly downstream processing as are many of its

The springs and components

divisions performed satisfac-torily but reduced contribu-

tions to group profits were made by Central African opera-

tions and mining equipment

The company is forecasting harder trading conditions and higher interest rates but is con-

fident that it can increase

profits in the second half and

The board hopes to pay a full year dividend of no less

in the next fiscal year.

competitors.

the diversified fan and product manufacturing rican engineering divisions.

divisions,

Increased interest costs

limit growth at Abercom

formance reflected strong than 36 cents against 31 cents results from the international last year.

THE LONG-TERM

CREDIT BANK OF

JAPAN FINANCE N.V.

U.S.\$60,000,000 Floating Rate

Notes 1978-1983

For the six months 15th February 1982

to 15th August 1982 the Notes will carry an

interest rate of 1611/16% per annum with

a coupon amount of U.S.\$83.90.

Benkers Youst Company, London Agent Bank

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DELLE STRADE

US\$100,000,000

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Convertible until February 1985 into

13 per cent Bonds 1992

In accordance with the provisions of the Notes,

notice is hereby given that the rate of interest

for the period from 17 February 1982 to 17

August 1982 has been fixed at 1611 per cent per annum. Interest at the aforementioned rate

BANK BRUSSELS LAMBERT (U.K.) LIMITED LONDON AGENT BANK

will be due on 17 August 1982.

operating costs, and depressed

Both companies were substantially affected by higher interest charges...

producers said that prospects for 1982 were "not bright." Comalco added that demand for aluminium is ex-pected to remain depressed Western economies im-

Western consumption aluminum sunk to 11.3m tonnes last year, the lowest level since 1977 and the second year running that consumption fell far short of production.

tories were significantly higher at the end of the year than in 1980 and are well above normal

Earnings

collapse

Denko

at Showa

By Yoko Shibata in Tokyo

Showa Denko, the diversified

reported a more than 90 per

cent fall in profits and a 13

per cent fall in sales for the fiscal year ending December

31 1981. The sharp downturn is blamed on the weakness of

the petrochemical market,

competition from cheaper im-

ported products and higher naphtha feedstock prices resulting from the deprecia-

he company's unconsolidated full year operating profits plunged by 90.7 per cent to Y1.49bn (\$6.2m) and net pro-

fits were down to Y572m, a fall of 92.5 per cent, on sales of Y384.49hn (\$1.66n). Per

of Y384.49bn (\$1.65n). Per share profits shrunk to Y0.65 from last year's Y8.67 although the dividend of Y4

In its chemical division Showa

Denko suffered from a high

level of inventories. The com-

pany also participated in an

anti-recession cartel formed

by some polyethylene makers

last summer to try and shore

In addition the depreciation of the yen lifted the price of im-ported naptha considerably compared with U.S. and Canadian prices and allowed

for a surge in the import of

cheaper petrochemical pro-ducts. Sales by the company

of such products fell by 13.9

per cent and comprised 56.3

ducts declined, by 5.3 per cent

to account for 26.4 per cent of

total jurnover, reflecting slug-

gishness in the electric fur nace industry. The inorganic and construction materials

division also suffered a fall, of 24.2 per cent, taking it to 15.7 per cent of total turn-

Showa Denko has been trying

to diversify from general pet-rochemicals but its moves in

this direction have yet to

begin to increase its earnings.

The company is confident of a

sharp recovery in its position

during the second half of the

current year. Operating pro-

fits are expected to reach

Y9bn, up more than five fold.

on prospective full year sales of Y410bn.

per cent of total sales. Sales of carbon furnace pro-

is being maintained.

up the market.

tion of the yen.

chemical company

At the downstream end of the business, Comaico's Australian aluminium distributor reported a slightly lower profit despite a 22 per cent increase

The company is continuing with its major capital spending projects including the Boyne Island smelter and the construction of a third pot line at the Tiwat Point smelter. Both projects are due to start up this year and will substantially increase primary metal capacity.

Safmarine sees slowdown after strong first-half rise by Jim Jones in Johannesburg

levels.

national merchant shipping line, continued to benefit from high levels of foreign trade in the six months ended December 31 1981. First-half trading profit rose by 21.6 per cent to R71m (\$72m) from R58.4m in the corresponding period of 1980. First-half turnover was R368m (\$373m) against R262m.

The company warns that the growth in trade—and in parti-cular imports—has begun to slow down in line with the trend in international trade. This is expected to affect results during the second half

SOUTH AFRICAN Marine Cor- of the current financial year poration (Safmarine), the although full-year profits are expected to show a reasonable increase over those of 1980-81. First-half earnings rose to 52 cents a share from 36 cents in last year's first half and com-pares with 80 cents for all 1980-81. Safmarine does not

pay interim dividends. Last

vear's final payment was 32

Safmarine, which handles about 40 per cent of the country's shipborne trade, expects to add to its bulk carrier fleet to cope with sharply higher coal exports which are due to begin from Richards Bay

Voltas more than doubles profits to record levels

VOLTAS, part of the Tata group Pandh hydraulic cranes, a proof companies, has reported more than doubled pre-tax profits for the year ending August 1981 of a record Rs 88m (\$9.7m) against Rs 41.8m for the previous year. This came on an 18.2 per cent increase in turnover to Rs 3.4bn

With a good order book and the proposed manufacture of new products this year the company reports a steady improvement in its profit margins in the first quarter of 1981-82. Mr number of projects on a turn-uneconomic size of the opera-key basis should ensure that this tion.

will be a good year.

ject being undertaken with technical co-operation from Harnischfeger Corporation of the U.S. The company also in-tend to take over the manufacture of a wide range of earthmoving equipment from the state-owned Bharat Earth state-owned Bharat Earth Movers and the Birla owned Hindustan Motors.

As part of its further diversification Voltas is seeking government permission to manufacture 100,000 refrigerators at Akbar Hydari, Voltas' chairman, a new plant in the western says that the long term strategy state of Maharashtra. Work of diversification, widening of under a current licence to prothe company's manufacturing duce 10,000 refrigerators has base and the undertaking of a been suspended because of the

The company has also launched The 1980-81 figures represent a three-year project to moderu-a sharp growth from 1976-77 ise its ageing plant at Thane when pre-tax profits were near Bombay and plans to take slightly more than Rs 1m. advantage of government loans, The Indian Government has at a basic rate of 14 per cent, approved proposals for the to renew other parts of its manufacture of truck-mounted manufacturing plant.

Upturn for North Borneo Timber

BY WONG SULONG IN KUALA LUMPUR

leading Malaysian logging remained weak, and log output group, has reversed the decline was trimmed by 12 per cent to in its profits with a 31 per cent just over 7m cubic feet. Reveingers to 2.95m ringgit (\$1.27m) ringgit.

for the six months ended November.

The improvement came from wet season, but no sustained in the company said prices had improved lately because of the season.

The improvement came from the shedding of loss-making improvement was anticipated.

NORTH BORNEO TIMBER, a associates. Demand for timber

wet season, but no sustained

This advertisement complies with the requirements of the Council of The Stock Exchange.

U.S. \$125,000,000

PepsiCo Capital Corporation N.V.

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Unconditionally guaranteed by



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J. Henry Schroder Wagg & Co. Limited Swiss Bank Corporation International

hours up to and including 3rd March, 1982 from the brokers to the issue:

Banque Bruxelles Lambert S.A. Dresdner Bank Aktiengesellschaft

Société Générale de Banque S.A. Union Bank of Switzerland (Securities)

The Notes, issued at 20.75 per cent., have been admitted to the Official List by the Council of The Stock Exchange, subject only to the issue of the temporary Global Note. There will not be any periodic payments of interest. The Notes

12 Tokenhouse Yard, London EC2R 7AN 17th February, 1982

Full particulars of the Notes are available in the Extel Statistical Service and may be obtained during usual business

This announcement appears as a matter of secord only.



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January, 1982

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BANCO DE VIZCAYA, S. A.

JANUARY 1982

Series Cares Cares Janga Series Series

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Turnover: Cr. 1,114 Sup. Volume: 177.5m.
Source: Rio de Jeneire

-13 -1 -50 -25

NOTES—Prices on this individual exchanges and are suspended, and Ex dividend, as Ex all.

Built with the first of the control
Companies and Markets Early Wall St fall of 9.4 . 722 Feb. | Feb. 12 | 11 Feb. Feb. Feb. **NEW YORK** Stock 61g 176 191g 55 711c 225g 81g 105g 171g 685g Schlitz Brew 1218 Schlumbeger 48 SCM........ 2159 61₃ 1751₉ 19 55 71 297g 60 215g 311g 201g 607g 2934 6954 2158 3119 2019 6078 Columbia Gas Columbia Pict.... Combined Int.... Feb. 13 Feb. Stock market interest rates in France. ACF Industries 35 AMF 2116 AM Intl 359 Scott Paper...... Scudder Duo V ... 36% AMID INCREASED worries while Golds shed 10.2 to 2,463.4, about the interest rate outlook, but Metals and Minerals railied Wall Street fell sharply over a 11.5 to 1,563.8 and Oil and Gas. Tokyo the sixth reduction in an many days. The Call Money Combustn. Eng., Crawith. Edison... | Scudder Duo V | 12 | 1178 | 5282001 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 2159 312 2474 3818 13 Many shares fluctuated within many days. The Call Money narrow range throughout the rate was lowered by 1 of a point day in another light trade as to 14 per centits lowest level caution dominated the market since Francois Mitterrand was broad front early yesterday, 1.1 to 2,789.9. Monarch MT 17 Monanto 691a 685a Morgan (IP) 533a 551a Morgan (IP) 524 533 Munsingwear 145a 145a Murphy (GC) 153a 151a Murphy Oil 221a 221a Nalico Granda 774 474a Economists are predicting a although the market was above 15 (g 29 7s 49 23 32 3g 32 1g 35 44 54 16 12 Abbot Labs...... Acme Cleve...... Adobe Oil & Gas. Comp. Science... Cone Mills...... Conn Gen. Inn.... recovery in the Canadian economy by summer, but warn elected to the French presidency 261, 403, 135, 135, 135, 151, 271, 34, 194, 194, 271, 181, the worst at mid-session. because of uncertainty about the yen-dollar rate and worries in May last year, Renewed fears that the Federal Advanced Micro. Aetna Life & Gas yen-dollar rate and worries over further upward pressure on U.S. interest rates. Traders said the Tokyo market was waiting for Wall Street to reopen after Monday's national holiday in the U.S. to see how it would react to last Friday's late news of a jump in the American money supply formers. it could be checked by interest Reserve might tighten monetary Aetna Lifo & Gas, 441, Ahmanson (H.F.), 1014 Handleman 131s Handleman 3134 Harcourt Brace 151s Harris Banco 341s Harris Corp 341s Harsco 191s rates, poor corporate profits and Germany policy further stemmed from last 35 1015 2518 1378 weak consumer demand, After further weakening at the outset. Bourse prices partially recovered as limited Friday's report of an unex-pectedly large increase of \$2.3bn in the M-1 money supply aggre-Australia Napco industries 144 Nat. can. 214 Albertson's...... Alcan Aliminium gate for the week to February 3. foreign buying interest appeared at the lower levels. In Domestic Bond trading, prices generally declined to light trading as investors sold or The weakening trend con-The Dow Jones Industrial Average was 13.13 down at the tinued yesterday trading, leaving in the quiet 1954 1955 3554 3554 3812 3712 4034 4118 37 3714 6018 5156 Nat. Gypsum Nat. Medical Ent Nat. Semicductr. 10.30 am calculation, but later Ordinaries index down 5.3 more picked up to register a net fall of 9.42 at 824.39 at 1 pm. The at 511.5, the lowest point since introduction of this combined Australian stock exchanges' index on January 1 1980. figures. Nikkei-Dow Jones stayed away from the market on assumptions that U.S. interest rates would move higher. The Bundesbank bough DM 55.3m of The Nikkei-Dow Jones Average was a marginal 0.26 easier at 7,693.92 but the Tokyo SE index edged up 0.61 to 570.07. A volume of only 150m shares was recorded but this exceeded Monday's 110m. Large capitals were little changed, while Light Electricals, Precision Instruments, Motors NYSE All Common Index was 75 cents weaker on balance at 4519 10 334, 45 193, 34 3019 263, 263, 483, 51 273, 3368 2719 3519 231₂ 25 471₂ 475₃ 321₄ 32 261₅ 325 2 193₂ 193₂ 113₅ 115₈ 387₈ 381₈ 387₈ 381₈ 291₈ 291₈ 291₈ 291₈ 261₈ 161₄ 413₄ 417₅ 411₆ 417₅ 411₆ 421₄ 231₈ 235₈ 231₈ 235₈ 231₈ 235₈ 231₈ 235₈ \$65.34, after \$65.21. Declines held a four-to-one ratio lead over rises, while trading volume came to 32.27m shares, compared with Friday's 1 pm level of Brokers said Oil and Gas issues bore the brunt of losses yesterday as determined local investor selling pushed prices lower. They added that a lack loiiday inns loily Sugar omestake nneywell..... 2014 56 2719 7154 914 1718 stock after purchasing DM.17.9m on Monday. 2514 5459 2859 7814 1718 1718 1618 1859 5834 1444 2359 Hong Kong 28.12m. U.S. markets were closed on Monday for the Washington's of overseas buying or bargain hunting in cut-price Resources stocks was keeping the market A further retreat occurred to fairly quiet dealings, but the market ended a good deal above the day's worst on short-covering Precision Instruments, Motors and many other Blue Chips ended mixed. Oils and non-Birthday holiday. Analysts said the market is Am. Elect. Powr. 161 | 1 Am. Express... 4134 | 4 Am. Gen. Insuce. 4116 | 4 Am. Hoist & Dk... 2511 | 1 Am. Home Prod. 3418 | 3 Am. Home Prod. 2512 | 4 Am. Motors..... 231 | 2 Am. Motors..... 231 | 4 Am. Nat. Resces 3418 | 3 Am. Nat. Resces 5812 | 4 Am. Quasar Pet... 916 | 1 firmly on its bearish path. The Oil and Gas index ended Ferrous Metals retreated on the concerned that intrest rates could expected adverse effect of the yen depreciation against the U.S. dollar on their earnings. which emerged during the rise further as a result of the 13.9 lower at 521.4 and Metals and Minerals 4.2 easier at 366.5. continued strong growth in the aflernoon. citeď Brokers cited fears of continued high local interest money supply. A small bank, UMB Bank and Oil and Gas Explorers seem to be undergoing a major correc-tion in light of the current world energy glut. Two notable bright spots in Electricals, however, were Sony, up Y80 at Y3,590, and Hitachi, Y5 firmer at Y719. Sony, which had been languishing for some rates, in line with persistent high U.S. rates. Another | Musky Offi... | 6 la | | Hutton (EF)... | 53 ls | | Salis | 53 ls | | INA Corp... | 46 | | IU Int... | 12 ls | | Ideal Basic Ind... | 19 | | Ideal Toy... | 6 la | | Imp Corp Amer... | 75s | | Ingersol Rand... | 63 ls | | Inital Steel... | 20 ls | | Intel Intel Corp... | 26 ls | | Intel Intel Corp... | 26 ls | | Inter Intel Corp... | 26 ls | | Intel Intel Corp... | 26 ls | | Inter North... | 26 ls | | Ish... | 6 ls | | Intel Corp... | 26 ls | | Intel Intel Intel Corp... | 26 ls | | Intel 638 3234 4518 4519 1214 1918 776 638 1338 244 26 3258 2614 Trust, raised its Prime Rate to nign u.s. rates. Another discouraging factor was the lack of positive stock market response to the recent sale result of the prime Connaught high 17 per cent from 161 per cent vesterday morning, and analysts Am. Standard.... 2514 Am. Stores 2718 Am. Tel. & Tel.... 58 Ametek Inc....... 2719 Dentsply Intl ... | 163e Detroit Edison ... | 111e Diamond Intl ... | 371e Diamond Shank... | 231e Digital Equip ... | 261e Dillingham ... | 113e Dillion ... | 211e Although the market has had no official word about drilling results from the Jackson No. 2 said the major banks are likely to increase their Prime from the 113g 57 233g 85g time on news of a slowdown in demand for video tape recorders, demand for video tape recorders, gained strength on reports that it has been flooded with inquiries from overseas about a patent on a high-grade silicon crystal production method using magnetic fields. Hitachi benefited from news that it will be ready for shipment of super microchips within this year. Toyota Motor gained Y20 to Y1,060 following favourable half-year business results and outwell, rumours indicated that the drillers had struck trouble. Claremont fell 20 cents to A\$1.10 for a two-day drop of 38 cents. current 16} per cent in the near Site, for which Hougkong Land is paying HK\$4.7bn. The Hang Seng index ended a net 17.73 weaker at 1.230.62. after having been 33.30 lower at Amstar 2414 2418 Amstar 1645 2718 2654 Anchor Hockg 1756 1754 Anhowser-Bh 4176 42 Archer Daniels 1772 1712 Armco 251g 2558 future. Mirro was up ! to \$10} after a delayed opening. The gain came despite news that it had However, partner Santos picked up 10 cents to A\$5.10 after fall-Donnelly (RR) Dover Gorp. Dow Chemical.... Dow Jones. a fourth quarter loss and cut the morning close. Turnover on the four exchanges amounted to andy eledyna . ektronix its dividend to 15 cents a share ing 50 cents the previous day. 2018 1418 20 2888 204 314 1314 2118 2314 Armstrong CK... 1434 | 1478 Asamera Oii... 99x 912 Asarco... 221a 221a Ashland Oii... 277x 277x Assd D Goods... 2814 2816 Atlantic Rich 39 395x Auto-Data Prg... 247s 247s Aveo... 153a | 153a Avery Inti... 245x | 2414 Crusader Oil receded 50 cents to A\$5.30, while Alliance Oil. from 24 cents. HK\$197.23m, against Montay's THE AMERICAN SE Market Value Index weakened 4.70 to 270.30 at 1 pm. Volume 3m HK\$231.94m. Inti, Flavours 1814 Inti, Harvester 712 Int. Income Prop. 734 Int. Paper 5419 Int. Rectiffer 1178 Int. Tel & Tel 27 Irving Bank 4439 Jernes FS. 2012 Jernel Cos 5512 Jim Wajter 1834 Johnson Contr. 24 Johnson Contr. 24 Johnson & Jins. 3779 Johnthan Logan 1134 Joy Mnf. 5078 K. Mart 1619 Kajser Alum. 1459 Kajser Steel 473, which has reported gas and oil flows from Petrel No. 3 in the Johannesburg Bonavarte Gulf, and Merri-melia No. 7 in the Cooper-Eromavaga Basin, dipped 7 year business results and out-Gold issues were mixed to easier after quiet trading. South-vaal gained 25 cents to R35.25 and Free State Geduld 15 cents. look, announced on Monday. Canada **Paris** cents to A\$1.25. Pac. Tel. & Tel. 187s Palm Beach. 151s Pan Am. Air. 27s Pan. Hand Pipe. 311s Parker Drilling 171s Parker Hanfn 171s Peabody Inti. 55s Penne (JCh. 289t Pennezoil 441s 1878 14 278 31 1618 1754 539 23 294 45 Markets tended to ease afresh 20 1778 5154 2958 8 35 4354 Coal stocks were under more pressure, especially the New South Wales-based companies. The market displayed renewed in a fairly active early trade. The Toronto Composite Index to R36.75, but others eased up to firmness, with the Indicateur de 25 cents. Triomf Fertilizer lost 18 cents Tendance index rising 1.9 to was 3.3 lower at 1,645.0 at noon Oakbridge lost 8 cents to A\$1.47. said the only to R2.55 following an announce-Analysts said the only to R2.55 following an announce-element contributing to the ment that a proposed merger buoyant tone was another with another major fertilizer decline in short-term money producer had been called off. CRA associate Comalco eased 2 cents to A\$1.50 after announc-Closing Prices for North America were not available ing a 62.4 per cent drop in profits for 1981. for this edition. 77_B 7 354 2 355₄ 2 355₄ 2 15 4 2 155₈ 2 155₈ 4 61₈ 3 71₈ 3 2 3 1₈ 2 3 1₈ 2 3 1₈ 2 3 1₈ Peoples Energy ! Perkin Elmer...... Petrie Stores...... Kaneb Services... 1778 Kanfman Brd 1059 Kay Corp......... 84 AUSTRALIA [JAPAN (continued) HOLLAND 18 34 36 12 24 36 35 12 25 14 15 26 15 16 36 16 BELGIUM (continued) Kaneb Services... Kaufman Brd... Kay Corp.... Kellogg ... Konnametal... Kerr-McGee ... Kinde ... Kimberley Clark., Kimberley Clark., King's Dept St... Knight Rdr. Nws Koppers... Kroahler ... LTV **CANADA** Pelo 15 Price + or Price + or Price Frs. Petrolans Feb. 16 Feb. 16 Price | + or Fls. ; -Feb. 16 Feb. Feb. Pfizer Phelps Dodge ___ Phila Elect 342 364 3,760 398 +4 4,530 -110 5,300 +45 2,555 -15 1,484 -4 3,495 2,230 -65 2,870 +10 1,850 +6 776 +4 1,600 -50 -0.1 -1 -0.5 -1.5 +0.6 -110 +45 -15 -4 78 63.2 25.8 191₂ 193₄ 758 2258 363₄ Esmark Ethyl 19½ 20 758 23 37¼ 13¼ 2178 etrofina..... loyale Beiga.... loc. Gen. Banq. loc. Gen. Beige. ACF Holding... 4.08 1.6 1.50 1.50 1.54 1.54 2.23 2.74 1.89 2.64 1.40 2.35 1.10 2.55 1.10 2.76 Philip Morris ... Philip Morris ... Philip Pet Philips Pet Pilisbury ... Pioneer Corp ... Pitney-Bowes ... Pitney-Bowes ... Pitning Res'ch MCA Int L.... Abitibl. Agnico Eagle Alcan Alumin. Algoma Steel. Asbestos Sk. Montreal. Bk. Nova Scotla. Basic Rasouroes -1 Evans Prods...... Ex Gell O....... 184 12 1978 1718 918 6038 4678 Tri Continental ... 1814 Triton Energy ... 1219 Tyler ... 2014 UAI ... 1678 UMC India ... 949 United From 1719 Union Camp. ... 4418 -----FMC. uet, Cons. Ind... 2356 2564 22 578 664 1978 323 645 865 1,250 560 509 315 480 234 307 408 534 1,070 400 1,040 1,68 251 4,250 FMG. 24 Faberge. 151e Fedders 207s Fedderal Go 1914 Fed. Nat. Mort. 71e Fed. Paper Brd. 28 Fed. Dep. Stores Fieldcrest Mi. 231e Frestone 105s olvay...... racton Elect.. +0.3 -0.1 -0.1 -0.1 -0.5 -0.5 Aust Guarant Aust Nat Inds ... Aust Paper Bank NSW -16 7 664 1978 25 4.05 +10 138.5 Bell Canada... Bow Valley... BP Canada... Blue Metal Bond Hidgs..... +3 -2 +2 Fed. Resources 15s Fed. Dep. Stores Fleidcrest Mi..... 251s Firestone 10ss 1st Bank System 321s 1st Charter Fin... 78s DENMARK 114 375, 2312 1056 3212 719 233₄ 827₈ Union Oil Gal..... Union Pacific..... Uniroyal.... Untd Brands.... Utd. Energy Res... Utd. Home... Utd. Shoe... Utd. Technolgs... Utd. Technolgs... Utd. Technolgs... Utd. Telecomms... Upjohn... Verlan Assocs... Ennia......Tst.... +1.8 -0.1 -0.4 -0.8 +0.4 +0.3 -0.4 5014 591 619 10 5212 69.8 51.0 16.2 7.6 22 87.8 27.6 Gist, Brocades... Heineken..... 391₂ 63₈ 10 512 1073 25 101₂ 151₂ 91₉ 191₄ 205₈ 28 25 367₈ 121₈ Feb. 16 Price % Brinco B, C, Forest... Heineken Hoogovans Hunter Douglas. Int-Muller KLM Naarde's Nat Ned cert. Ned Cred Bank Ned Gloyd Oce Grimten Ommaren (Van) Pakhoed Brown Forman 8 3113 3113 8118 8rown Grp 2814 2814 8rown & Sharp ... 1711 1712 8rowng Ferris... 3273 3273 3273 8runswick 2614 2431 O.18 Mitsul Co. Mitsul Ri Est. Mitsul Roshi O.85 Mitsul Roshi O.85 Mippon Denso O.85 Mippon Gakki Nippon Meat Nippon Meat Nippon Shinpan O.86 Alppon Steel Nippon Sulsan O.82 NTV Nissan Motor Nissan Motor O.5 Nissan Motor Pub. S. Indiana 20tg 20tg Purex 28 28 Purex 28 28 Purolator 26 26 Quaker Osts 37 Quanex 12 121s Questor 88 9 RCA 201s 20 Ratison Purina 111s 111s Ramada Inns 55s 55s Rank Org. ADR 35s 35s Raytheon 3512 355s Reading Bates 171s 181s Redman inds 113s 111s Reeves Bros 5534 624s Reichhold Chem; 1114 111s 195 379 158.9 568.4 138.2 129 40.4 632 433 873 415g 303g altica Skand.. 3078 12 2539 2539 1714 4334 3514 1918 56 3559 opHandelsba), Sukkerfab...)anske Bank... Carlton & Utd.... 812 2534 1712 4412 3514 3534 1912 5614 3478 Can N W Lands... Can Packers.... Can Trusco.... Can Imp Bank... Can Pacific.... Can P. Ent.... Can Tire..... 244 314 Castlemaine Tys. Cluff Oil (Aust)... Do. Opts Cockburn Cemt. Coles (G.J) Comalco...... 3,45 0,65 0,46 1,25 2,80 1,50 1,50 5,3 0,92 Lockneed 914 Lockneed 9812 Lone Star Inds 244 Lones Drug Strs 2712 Louisiana Land 9813 Louisiana Pac 1758 Lowenstein 29 Lubrizol 214 Lucky Strs 1258 Mila Com. Inc 223 Mila Com. Inc 223 -2 -0.4 -1.8 -0.1 +0.1 __20 __2 East Asiatic....... Forende Berygg. Forenede Damp. SNT Hidg..... 30 % 11 411₂ 278 438 1238 18 29 _2 190,6 152,4 1,485 93 -0.6 +15 +3 23.3 35.2 817 7 Crutader Oil +5. -0.5 NisshinFlour..... 5414 1159 3034 CSX ... 545g Campbell Red L 1154 1812 | 19 Chieftain. Gampbell Rod L. 11-1 11-5 11-5 Campbell Soup... 31 30-3 Campbell Tagg... 21-5 21-5 27-5 Can. Pacific.... 29-18 29-3 Carrisle Corp.... 27-1 27-7 Carrisle Corp.... 27-1 27-7 Carrisle Corp... 27-1 28 Carp Tech... 341-8 343-34:8 134 19 19 19!a 83:4 304 130.2 266 495 125.4 Provinsbanken... Smidth (FI)...... S. Berendsen..... Superfos..... 208, 139 80 78 221 157 118 39.3 51.5 28,4 76 Republic Steel ... 23 4 Rep of Texas ... 31 4 Resch Cottrell ... 117s Resch Cottrell ... 15 14 Revco (DS) ... 25 14 Revco (DS) ... 25 14 Revco Copper ... 12 14 Revlon ... 30 12 Revlon ... 30 11 Revco ... 115 15 Endeavour Res... Gen Pro Trust.... -0.4 244 3136 1158 1539 1212 3076 1134 1919 29 33 1318 3134 5534 <u>...0.8</u> Hartogen Energy Hooker..... Mac Micray Hanover... Marwille Corp... Mapco... Marathon Oil... Marrine Mid... Marrine Mid... Marrine Mid... Marsh McLenn Marsh Mid... Marsh McLenn Marshalf Field Martin Mtta Maryland Cup... Massoy-Fergn... Massoy-Fergn... Mass Multi-Corp Mattel... May Dept. Strs... 1179 1514 1214 30158 11914 11914 11914 1178 318 1178 318 1178 1618 Tokyo Pac Hg.... Unilever Viking Res.....Vmf Stork 12% 415% 251% 257% 2778 2778 2778 2746 15 2412 2514 2514 Garp Tech. 641; 344; Carter Hawley. 135; 151; Caserpillar ... 499; 495; Colaneso Corp. 541; 547; Contex ... 211; Central & Sw. 145; 14; Central & Sw. 145; 11; Central Boya. 11; 11; Cesana Aircraft. 181; 295; 291; Cortain teed. 11 11; Cesana Aircraft. 181; 165; Champ Int. 165; 165; Champ Int. 75; 77; 71; Charter Co. 71; 71; Charter Co. 71; 71; Chamical NY ... 551; 53; Chicago Pricum. 181; 183; Chicago Pricum. 181; 183; Chrysler ... 45; 43; Chubb ... 451; 461; FRANCE 104 35 154 197 624 187 236 144 4.65 Revion Rexnord Reynolds (RJ) Reynolds Mtis Rite Aid Roadway Exps Robbins (AH) Rochester Gas Rockwell Inti Rohm & Hass Rollins Price + or Frs. — VNU.....Volket-Stevin Voket-Stevin Feb. 16 Gannat. 1578 1512 24 50 3018 3566 478 3512 478 3512 1914 566 Gelco Invest 1714 1538 3612 2436 2978 2979 3534 3534 3536 3548 2914 1914 Sharp... Shisied Gen Am Invest ... Gen Cinema ... Gen Dynamics ... Gen Electric ... Gen Foods ... Gen Instrument ... Gen Mills ... Gen Motors ... Gen Pub Utilities Gen Signal ... Gen Triep Elec ... Gen Trie ... Genesco ... +25 +15 +5 0.16 1.34 2.62 1.95 1.32 2.28 1.47 0.166 0.13 1.35 0.12 2.23 5.1 0.32 +6 -1 +7 +10 +30 -1 -13 Myer Emp... Nat. Bank... ITALY News.... Nicholas Int.... North Bkn Hill.... 427 d218.55 1,088 1,472 1,685 569 612 Price + or Feb. 16 -2 1758 19 4778 754 4114 2158 1514 1314 3254 1118 1514 3514 3516 2018 2018 3358 2718 1612 7418 2814 144,800 -676 34,700 -100 240 +15 5,070 -120 8,000 -70 1,580 -23 45,5 -1,5 35,910 -30 136 -3 2,470 -15 2,380 -70 1,659 +14 15,900 -410 13,180 +79 243 750 445 476 930 114 482 215 378 410 491 1,060 3,720 -675 -100 +15 -120 -70 -23 -1.5 -35 -300 Oakbridge.... Otter Expel... toper Corp. Roper Corp. Royal Grown Royal Grown Royal Dutch Rubbermald Ryan Homes Ryder System SFN Companies. SFN Companies. SPS Tschno' gies Sabine Corp. Safevay Stores. St. Paul Cos. St. Regis Paper Sant Fe Inde. Saul Invest. Saxon Indus. Schering Plough. | 247s | 24 | 125s | 125s | | 300 | 295s | | 6014 | 60 | 300 | 297s | | 525s | 221s | | 491s | 141s | | 3054 | 141s | | 361s | 361s | | 361s | 361s | | 371s | 371s | | 3814 | 845s | | 8314 | 845s | | 8314 | 831s | | 8314 | 325s | | 3144 | 325s | 3014 | 37 28 | 271g 241g 257g | 253g 3014 | 353g 8 | 251g | 301g 4 | 45g | 45g 283g | 65g | 65g 351g | 72g 351g | 72g 361g | 327g 361g | 327g 361g | 361g | 361g 361g | 361g 361g | 361 Wheelabratr F J Wheeling Pitta. Whiripool White ConsolidWhite ConsolidWhit -1 +4 -1 -5 +8 McDonalds (McDonalds (McDonalds (McDonalds (McGonalds (Cincinnati Mil...... 2373 | 2214 Giticorp 25 | 2433 Citics Servics 3014 | 3016 City Invest 23 | 2346 Santos Sleigh (HC)..... Southland M'n'g. Mac Bloedel 221s Marks & Spenser 84 Massey Farg 2.05 Mightyre Mines 55s Mariand Explor 64s Mitor Corp. 26s Moore Corp. 37s Nat. See Prods A 74 Noranda Mines 18 +1 Italsider.... Montadisci Montadisci Olivetti Perelli Co Pirelli Spa Snia Viscosi Toro Assic... do. Pref... southland M'n'g. Spargos Expel... Thos. Natwide... Tooth... UMAL Cons... Valient Consott... Wastern Mining... Western Mining... Woodworths... Wormald Intl.... 213, 84, 2,06 3619 619 2679 374 74 0.52 0.26 2.2 1.95 1.8 0.18 0.73 3.46 0.95 1.55 2.4 +20 -30 -12 -2 -1 +1 +4 Coro x Cluott Peaby Coca Cola Colgate Palm... Collins Alkman Colt Inde 733 886 551 240 535 5914 1078 1,99 6612 1612 12 1334 2,30 SINGAPORE NORWAY Feb. 16 HONG KONG Fab. 16 Indices 18.0+ 50.0-60.0--07.6-Feb. 16 Price + or **NEW YORK** 115.5 125 145 51 Bergens Baks Borregaard Greditbank Elkem +0,5 +1 -DOW JONES 1981-83 Since Cmpil't's Fob. Feb. Feb. Feb. High Low High Low --0.3 +2,5 -6 losmos Vorsk Hydro -0,1 Feb. Feb. Feb. Feb. 1981-82 Low eindustr' is 8.13.81 884.87 886.66 830.67 855.46 851.85 1824.85 (27.4) (127.4) (25.73) (111/176) (217/182) (111/176) (217/182) (111/176) (217/182) (111/176) (217/182) (111/176) (217/182) (111/176) (217/182) (111/176) (217/182) (111/176) (217/182) (111/176) (217/182) (111/176) (217/182) (111/182) +0.96 +0.96 -0.62 Sime Darby ____ Straits Trg..... UOB AUSTRALIA Ali Ord. (1/1/80) Metal & Minis. (1/1/88) | Rhone-Poulene | 113.55 | | Rhone-Poulene | 113.55 | | Roussel-Uciaf | 273 | +5.5 | | St.Gobain | 152.55 | | Stkia Roseignol | 530 | +5 | | Suez | 331.5 | | Telemech Elect | 1.150 | +15 | | Thomson Brandt | 234.5 | +4.5 | 511,5 (19/2/62) 588,5 (18/2/82) SWEDEN AUSTRIA Credit Aktien (2/1/62) SOUTH AFRICA 64.87 64.88 | 54.82 64.87 86.48 (6/1/81) Price + or Kroner -| Texaso Canada | 25% | 25% | 25% | 25% | 25% | 25% | 25% | 25% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 68.64 (18/10) BELGIUM Feb. 16 211 199 176 358 126 921 242 90 203 159 88.22 97.91 88.22 (12/2/82) 68,55 (16/6) -4 +1 +4 GERMANY •Day's high 841,32. low 829,24. -\$5.88 (\$/1/97) -0.06 Anglo Am Anglo Am Gold Anglo Am Frop Barlow Rand Buffels CNA Invest Currie Finance Feb. 5 Feb. 16 Price + or Jan. 29 Jan. 22 Year ago (approx Ind. div. yield 🖀 -0.55 -0.55 -0.55 6.50 112,5 (17/8) 121,6 (16/2/82) 42.7 +0.1 445.7 -0.5 1351.7 -0.8 138 -0.5 289 +0.2 207 +0.2 207 +0.2 207 -0.3 134 5 -0.5 46.9 -0.1 295 -1.5 200.8 +0.6 270.1 -1.4 -0,5 -4 6.35 6.65 APAN STANDARD AND POORS Feb, 16 Price + or Yen -Fegerata Fortia (Free) Mo cach Dorn Saab-Skania Sandvik(Free) Skandia Skan Enskilda 226.97 227.00 226.27 229.35 889.2 682.8 687.40 687.2 FAZ-Aktien (51/12/58) Commerzbank(Dec 1955) 170 108 144 135 251 ÖÄ Fob. | High | Low | High | Low | 1981-82 'Since Cmpil't' De Bagra Driefontein FS Geduid Gold Fielde SA Highveld Steel Huletts Kloof Nedbank OK Bazzars Protea Hiege Rembrant Rembrant Rembrant Rest Pint Sage Hiegs SA Brows Unisec -3 -6 -1 Ajinemoto Amada Assathi Glass Bridgestone Canon Citizen Dalei Dol Nippon Ptg Daiwa House Daiwa Seiko. Epara Eisa 8.50 86.5 36.75 74.0 5.55 9 52.75 6.50 19.50 19.50 4.36 4.36 4.36 4.36 4.95 -0.02 901 650 450 319 345 373 380 473 729 380 1,420 1,960 1,420 1,960 1, Indust'is ..., 127.51 127.57 127.81 126.71 127.30 130.85 157.82 125.93 160.96 5.52 Composite 114.65 114.45 114.65 115.58 114.88 117.28 185.12 112.77 140.52 4.482 (671.81) (25.6) (28.11.60 (50.6.2) 4.482 (671.81) (25.6) (28.11.60 (50.6.2) 4.482 (671.81) (25.6) +0,16 --1.0 --0.5 528 225 146 295 114 115 146 AUSTRIA +2 -5 -4 HONG KONG Hang Seng Bank (81/7/64 | 1250, 52 | 1248, 55 | 1270, 94 | 1288, 87 +0.25 Price + or 1113.77 (6/16) 1810,29 (17/7) -0.05 +0.15 +0.18 : Year ago (appro s nd. div. yleld 🐈 5.74 457 220 186 260 99 169 201 Oreditanstalt Landerbank Perimooser 188.64 188.57; 189.54 188.58 292.05 (5/8) 186,44 (24/7) 200,8 270,1 158,5 137,6 191,8 63,9 ind. P/E Ratio 7,73 9.07 JAPAN EDATA EDATA PUJI Bank FUJI Film FUJISH FUJISH FUJISH FANUC Grean Gross Hasegawa Hitaeni Hitaeni Hitaeni Long Gov. Bond yield 14,33 14,15 _30 emperit teyr Dailmer... 'eitscher Mag: 12,81 -Ö.47 SWITZERLAND NORWAY Rises and Falls 114,2 25 409 104 181 181,5 Hoechst Hoesch Holzmann (P) -0.1 +0.1 +1 +1 +9.5 -1 128.82 121.11 121.08 120.86 Feb. 13 Feb. 11 Feb. 10 Oslo \$E (1/1/72) 110,54 (5/6) Feb., 16 Price Fre, 1981 -82 Feb. Feb. Feb. Feb. 12 11 10 9 | 1,829 | 1,829 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 1,855 641 760 454 8 74 SINGAPORE Straits Times (1998) Financial Rand US\$6.76i Alusulese Brown Boverl Olba-Gelgy do (Part Certs)... Credit Sulsse Elektrowait Fischer (Geo) Hoff-RochePtCts Hoff-RochePtCts Hoff-Roche LiD Interfood Jeimoll Landis & Gyr.... Nestie... +2 752,88, 725,97, 758,82, 755,80 Horton..... Kali und Salz... (Discount of 25%) 729. 97(16/1/82) 690 +10 +20 66,09 66,11 66,21 65,74 79,14 64,96 (5:1/81) (25/3) SOUTH AFRICA Gold (1858) Industrial (1968) BRAZIL 180.2 -1.3 184 -0.5 59 -0.1 57.8 +1.8 184.2 +0.2 139 +0.2 139 +0.2 +15 +20 -25 +20 -1980 -50 +100 583.2 519.8 629.9 787.5 (7/1/81) 710.6 719.1 709.7 711.7 (8/1/82) 4 71 +8 -10 -1 +10 Feb. 16 Price + or Grux BELGIUM/LUXEMBOURG to Yokado MONTREAL SPAIN Feb. Feb. 10 Madrid SE (60/12/81) 106.45 107.25 88,17 (6/1/82) Price + or Low High 1.95 12.60 3.70 9.60 7.80 10.00 +0.5 Industrials 289.86. 295.35 294.85 295.36 489.38 (27/6) 289.88 (15:2/52) Combined 274.57 277.90 278.78 275.58 575.98 (15/6) 274.57 (15/2/82) -3 494.17 (29/1/81) ARBED . 1,232 Bang Int A Lux... Bekaert B...... Ciment CBR..... +30 +6 --82 --3 3,950 1,800 1,515 174 2,030 4,180 2,555 2,555 1,565 1,755 2,890 1,630 5,000 WITZERLAND Swiss Bank Con. (51/12/68) 944.1 245.6 10.10 TORONTO Composite 1643,5,1678,44 1880.1; 1677-1 2880.55 (16/7) 1648,5 (15/2/62) Mutaligessell Muench Ruck Praussag Rhein West Elect Rosenthal Schering Siemen Thyssen Varta Veren Voren Voren Volkswagen +30 -15 +5 -16 -30 -20 -10 -40 -25 242,8 (17/11) +1,3 -0,1 +3 -1,5 -2 -2,5 +0,2 1,255 211 4,325 505 236 640 294 5,850 2,870 2,075 4,650 +35 --2 +75 +1 NEW YORK ACTIVE STOCKS Change on d price day 300 31½ -1½ Beth. Steel 300 36½ -1½ Marathan Oil 300 20½ 1÷0½ Texaco WORLD Cepital Intl. (1/1/78) BES ...

185.8 186.6 187.8

(**) Sat Fab 13: Japan Dow 7672.75 TSE 567.88.

Saze values of all indices are 100 except Australia All Ordinary and Metals—500: NYSE All Comon—50: Standard and Poors—10: and Toronto—1,000: the last named based on 1975. † Excluding bonds, ‡ 400 industrials. § 400 industrials plus 40 Utilities, 40 Financials and 20 Transports; ¢ Closed.

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Streeks Closing traded price 1,456,600 31½, 1,030,900 31½, 7,516,600 20½, 7,516,600 20½

Change
Change
Stocks Closing
traded price day
479,800 25% +0%
460,400 25% +1%
460,100 30% -0%
415,700 26% -

Both. Steel Brunswick Marathon Oil ... Texaco

Coffee at

RENEWED SPECULATIVE

The market has now rallied

by about £600 a tonne from the low level reached last July.

But some dealers are feeling a little nervous about the rise.

They point out that it has taken the International Coffee

Organisation (ICO) indicator price above the 135 cents a lb level which, if maintained for

15 days, would trigger an extra quota release of 672,000 bags

(60 kilos each). Moreover the current price

is close to the next trigger level at 140 cents a lb. If this were reached and maintained

for 15 days, a further 1m bags of quotas would be released,

price rises appears limited but

that the market is vulnerable

to sharp falls should speculative

from a nearby supply tightness

as most suppliers have used up

and have little remaining for

The recent rise has resulted

January-March quotas

19-month

high

By Richard Mooney

Dutch discuss EEC gas plan

BY CHARLES BATCHELOR IN AMSTERDAM

DUTCH glasshouse growers are to meet Mr Jan de Konig, the Minister of Agriculture, today to discuss an EEC comprontise plan aimed at resolving the dispute over the concessionary prices they pay EEC growers claim put them

Under the Brussels plan the price would be raised to within 10 per cent of the industrial tariff by October and to April 1983. Dutch and to complete parity by

growers currently pay just over 30 guilder cents a cubic metre for their gas. This is much less than the industrial price which varies between 42c and

bauxite strikes

By Canute James in Kingston

workers

Jamaican

settled

reopened.

next three years.

of the refineries has cost the Jamaican economy an estim-

ated \$100m. The government

is keen to have the refineries restarted, but the companies.

faced with weak demand for

aluminum, are under no pres-

Meanwhile local industry

says that the signing of a con-

sure to begin operations.

47c. The growers have agreed to increase the price in five stages by April 1984, but the EEC Commission has previously insisted that prices he brought into line by October 1982.

Board, which represents the country's glasshouse growers, said last night it would be difficult for the Dutch glasshouse industry to accept the EEC's proposal on the basis of details already released from Brussels and the Dutch would anyway not be able to meet the EEC's March I deadline for a reply.

The Dutch Agricultural

If the Netherlands accepted the latest EEC plan, the average Dutch grower would face extra costs of Fl 60,000 (£12,500) a year, one and a half times his current earnings. Mr de Koning said. He said he had promised the EEC Agriculture Ministers that he would reply to the latest offer by March I. The threat of some EEC mem-ber countries to limit Dutch

agricultural imports if the desirable for the growers to agree to this p:roposal, the Minister said.

The Dutch government is directly involved in the clash between the growers and the EEC since the gas price is set by a private contract between the Agriculture Board and the Dutch gas distribution company.

The Dutch growers are concerned that a sharp rise in the price they pay for their cas would put many of them out of husiness. The Dutch government is keen to avoid the dispute being brought before the European Court of Justice by the EEC Com-

The Dutch Agriculture Board yesterday filed their appeal to the European Court against an EEC decree issued in December ordering them to October. The EEC Ministers' proposal on Monday had come as a surprise to the Dutch growers, the Agriculture Board said.

Tin mining tax cuts urged

new investments are some of the suggestions submitted by THE YEAR long dispute between the five North the Malaysian tin mining industry in response to the recent government announce-American-owned bauxite companies operating in Jamaica, ment of a 25 per cent cut in and the union representing i tin output over the next few night was 33.60 riggit per kilo. been | years. resolved, but there is no

Representatives of the tin indication when three of the mining industry, who met Datuk Paul Leong, Minister of island's four bauxile refineries, closed by strikes, will be Primary Industries, yesterday to find out details of the cuts plan, took the opportunity to The refineries, one owned by Alcoa and two by Alcan, were struck in apparent effort to renew their calls for a reduction in the un export, profit taxes and state royalties. force a conclusion to the nego-

tiations. The agreement between the companies and the unions will add \$33m to the agreement They also made the point that as far as possible, the cutback in output should be done companies wage bill over the by slowing down new investments and through natural ex-The strikes and the closure haustion of reserves.

Datuk Leong told the miners that the government was currently working out a programme of cuts, and was up-dating its mining laws to allow it to impose production controls.

The Minister however felt

that some hardship was inevitable, and quite a few marginal tract between the government and the Federal Emergency to shut down.

The proposed cuts will take Management Agency (Fema) of the U.S. for 1.6m tonnes of some months to negotiate. Of ore in be supplied to the more immediate importance. strategic stockpile has been from the Malaysian view, is the delayed because of minor snags. It appears that a locaneed to persuade Indonesia and Thailand to agree on a joint marketing arrangement, which tion for storing the ore has not would give them greater say on The sale is expected to bring the sale of tin, and reduce the importance of the London Metal

TAX CONCESSIONS, increased Exchange in setting price levels, be receptive to the idea of Malaysian view that tin must be soild at "fair" prices above pro- power of a true cartel, and in is 34 ringgit per kilo for gravel in boost its non-oil exports, pump mines. The Straits iin including tin.

Commodities Staff writes: Reuter reported from reflecting a continued shortage Jakarta that Indonesia may not of nearby supplies.

Datuk Leong reiterated the tin producers association. It is thought it would not have the any event Indonesia is anxious

On the London Exchange yesterday cash tin rose by £30 to £8,960 a tonne

Rubber prices eased again in

London yesterday in spite of reported further buying by the

buffer stock of the International

Rubber Agreement, R.S.S. No. 1

spot closed 0.5p down at 46.25p

a kilo—the lowest level for

Demand for rubber remains

at a low ebb, hit by the reces-

sion in the tyre and automobile

industries. Market sentiment

demand for rubber and dis-

nearly four years.

rebuilding stocks.

Rubber pact delay sought BRUSSELS — EEC Foreign and regulations allow him to

Ministers will be asked to consider seeking an extension He declined to say whether the deadline for ratifying Malaysia would consider an the new International Natural Asean (Association of South-Rubber Agreement, possibly East Asian Nations) rubber until mid-April, because of producers' marketing arrange delays in Belgium an ratification ment, stating the question was and Italy. Reuter reported. Our Commodities Staff writes:

All EEC countries except these two have signalled their intention to ratify the pact but delays in parliamentary approval in Belgium and Italy mean they may not be able to do so before the current deadline expires at the end of this month.

Malaysia. Meanwhile further criticism of the rubber agreement came from Paul Primary Industries Minister, Mr Leong said: "We would like to see more effective operations under the international natural rubber agreement. The huffer stock manager could buy more . . . the rules

Barbados sugar harvest started

sentiment change.

THE 1982 Barbados sugar harvest has started here after settlement of a wages dispute which had threatened seriously to disrupt it.

By Tony Cozier in Bridgetown

Agreement on a new contract hetween the Sugar Producers Federation and the Barbados workers union followed the mediation efforts of Sir Hugh Springer, a founder of the union and former secretary general of the Commonwealth Education Conference London, and Mr Burns Bonadie, General Secretary of the Caribbean Congress of Labour.

Both sides agreed to Government imposed overall inwas further depressed by the crease of wages of 10 per cent a prospect of higher U.S. interest year over the next two years. rates delaying a recovery in In addition, they agreed on an additional 5 per cent incentive payment on all earnings for couraging consumers from both the 1982 and 1983 crops.

Brussels backs Britain's farm aid protest

BY LARRY KLINGER IN BRUSSELS

buying pushed coffee prices on the London futures market to a new 19-month high yesterday. for its challenge over France's reply as soon as possible, plan to provide additional aid Later however Mme C. The May quotation reached £1,353 a tonne at one stage before ending the day £18 up at £1,332.50 a tonne. to its farmers worth up to £350m.

Mr Peter Walker, the British Minister for Agriculture, renewed Britain's attack on the controversial French plans at resterday's EEC Council of Farm Ministers, eliciting an on-the-record statement from Agriculture Commissioner Poul Dalsager that any pay-out ahead

of Commission approval would be a clear flouting of European

oegin payments as early as
March I, but had still not provided details of its plans to enable the Commission to rule on their legality.

followed, by another Im bags
If prices did not fall after a
further 15 days. This means
that the potential for further Britain's wider argument, which is supported in varying degrees by several other counprovide matching aids for their to he legal, its scale alone is enough to distort trade within the EEC.

Mme Edith Cresson,

Later, however, Mme Cresson repeated to journalists her government's contention that its latest aid packages were com-patible with EEC rules. Moreover, she said, if sufficient awards were made to farmers under the Common Agriculture Policy there would be no need for special national aids.

France's practice of granting sizeable aid to its export-oriented farm industry in possible violation of EEC law Community rules.

Mr. Walker told his nine fellow ministers that public issue, but the timing and site of the latest problems if statements by French officials of the latest packages makes it indicated that the Mitterrand almost certain that the issue

question was already "part of the price fixing." If aids were to be granted on this scale, he duction could mean that the wrong.

France's latest aid package Friday. antagonistically in French Farm Minister, confined British eyes as it came virtually farming industry. In fact, Mr her remarks in council to on the eve of this week's two- Walker said, France's industry acknowledgement that France day council meeting, and in is only two and a half times the had received the Commission's response to continuing pressure size of Britain's.

BRITAIN yesterday won further third request for details, saying from French farmers, who in European Commission support that her government would recent weeks have stage widespread and sometimes violent demonstrations over a range of

issues. This pressure was even apparant in Brussels yesterday when group of about 150 French farmers from as faw away as Provence demonstrated outside the council meeting in support of their demands for higher incomes, greater tariff protec-tion and the prevention of

Spain's joining the EEC. However, Britain, supported in varying degrees by West Germany and some of the traditional agricultural allies of France such as Italy and Ireland, maintain that the French

farmer's plight is no worse than Mr Walker said aid on the French scale was a "perver-sion" of the Common Agricul-ture Policy. "The size of it all," he said, "means that it

has to be tackled now."

He said that even the French tries who are under pressure to said, the encouragement to pro- admit that their national aid. as a proportion of output, is 15 own farmers, is that, even if commission's output forecasts per cent against only 8 per cent much of the French plan proves could prove to be seriously in Britain. He denied France's claims that its agriculture budget, at three and a half times was armounced as recently as the size of Britain's, was only a reflection of the size of its

Price boost for Australian wool

BY PATRICIA NEWBY IN CANBERRA

helped push Australian wool prices to their highest levels for six years.

The Australian Wool Corpora-

tion was expecting an improvement in wool prices in the first six months of 1983, but even the Corporation has been surprised hy the rise which has taken prices from depressed wool levels harely above the Corporation's floor price four weeks ago to 437 Australian cents a kilo-27c above the floor price.

Market observers are not sure how much wool the USSR has bought, or the reason for its sudden interest in the market. A Corporation spokesman said Russian buying tended to be sporadic and was transacted by

HEAVY RUSSIAN buying has various Australian and Japanese Sydney, Geelong and Albany. buying houses.

Low stocks of wool held by overseas mills is helieved to be the main reason for the recent surge in the market. Mills have been running down stockpiles because of high interest rates.

the Australian dollar over recent months has also helped to improve prices.

The Australian Wool Corporaport the floor price scheme. It should now be able to sell some of this for handsome profits. Around 88,000 bales will be offered this week at sales in kilos.

Our textiles correspondent writes: Output of pure word carrying the Woolmark label, the sign of the International Wool Secretariat, rose by 12 per cent in Britain during the first half of last year, compared recause of high interest rates. with the same period of 1980. The gradual devaluation of to 18.3m kg. This compared with a 6 per cent rise in Woolmark production throughout the world.

In spite of this strong rise tion has about 360,000 hales in West Germany remains the store from previous interven-lien buying at auction to sup-pure wool, with an output of 22.4m kg in the half year. After Britain, which occupies second place, come Japan with 17.3m kilos and Italy, 15.9m

14.28, Jan 14.42-14.70, March 14.80-14.82, May 14.95-15.05, July 15.00-15.30, Sales: 12.975,

Tin-735.00-750.09 (728.00-745.00).

TSoyabeans—March 524-623 (6251), May 540 (6421). July 656-655, Aug 660-6601. Sept 660. Nov 6701, Jan 682-6641, March 699 ISoyabaan Meal—March 187.1-187.0

187 2}- May 187 5-187 4 (187.9). July 190 4, Aug 191.5-192 0. Sept 193 5-194.5, Oct 194.5, Dec 196.5, Jan 196.5-

BRITISH COMMODITY MARKETS

BASE METALS BASE-METAL PRICES were marginally firmer on the London Metal Exchange. Copper traded in a narrow market prior to closing at E891.25, while Aluminium was finally £607 and Nickel £3.225. Short covering lifted Zinc to a high of £450 before a close of £450.5. Tin held steady around £3.950.

yet been agreed.

Amalgamated M94al (rading reported that in the moming Higher Grada traded at cash 6864.00 54.50; titled months 6891.00, 91.50, 92.00, 91.50. See Months 1888.00. Kerb: Higher arade: three months 6888.00. Merb: Higher arade: three months 6891.50, 92.00, 92.50, 93.00. Afternoon: Higher grade, three months £883.00. 95.50. 95.00. 94.50. 94.00. 33.50. 93.97. Kerb. three months £883.50. 94.00. 93.50. 92.50. 92.00. 91.50. 92.00. 91.50. 92.00. Turnover: 25.075.

TiN Official — Unofficial —

High Grade F F F E

Gash 8955-60 + 187 8950-70 + 50

3 months 7940-50 - 55 7905-20 + 25

Settlem't, 8960 + 187

Standard
Cash ... 8955-60 + 187 8950-70 - 50
Smorths 7900-10 -72.5 7905-10 - 20
Settlem't 8960 + 180 -
Straits E \$53.50 -0.10 -
New York -
Tim-Morning Standard cash 88.950.
Go: three months £7.920 7.900. High
grade: three months £7.950. Kerb:

Commodity Analysis Limited

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THEATRES



Standard, cash £8 950° three months £7.910 Alternoon: Standard, cash £8.950, 55, 60; and-Feb £6,450; three months £7 930, 15, 63. Kerb Standard, cash £8.950; three months £7 905, 10. a.m. + or p.m. + o LEAD Official — Unofficial —

f450 5. Tin held steady around £3.950.

for cash metal and £7.920 three months. Cash for a day moved into a £10 backwardston. Lead rose to close at £342.5 reflecting physical U.S. Spot

£ £ £ £ £ c continue for a factor of the Load-Morning, three months (340.00).

Laad---Moranna, three manths £340.00, 41.00, 41.50, 42.00, 41.50, 41.00, 41.50, North three months £242.00, 41.50, 41.60, Afternaon: Cash £333.00, 33.50; three months £242.00, 42.50, 43.00, 44.00, Kerh-three months £343.00, 42.00, 42.51, 42.00, 42.00, 41.00, 42.00. Turnover. 11,325

ZING Official — Unofficial — Cash. 442.25 + A71446.5.7.5 7.5 8 months 442.5 - 2.6 455 4 .6.25 Primwits 12.75.3.75

Alumnum—Morning: cash £588 90; three months £607 00 07 50, 08 00, 07 00, 06 00, 05 50, 05 30 75 50, Kerhithes months £605 50, 06.00 Alternotin. mee months 1868-90, 08.00 Atternoon, three months 1868-600, 03 50, 07 00 Karb: Three months 1897-60 06 50 Turnover, 11,230 Nickel—Morning; cash 13 190, three months 13 210, 15, 20 Kerb Three months 13,220, 25 Afternoon, Three

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WAREHOUSE, Donmar Theatre, Earlhan 51. Covent Gon. Box onice 836 5888 RYAL THE MAID'S TRACEUT by Braumont The MAID'S TRACEUT by Braumont The MAID'S TRACEUT by Braumont of The Covential C WYNDMAM'S S 836 3028 CC 379 6348.
Group reductions 336 3053 COLIN
814 KELEY ROSEMARY LEACH
MARTHUR MILLER'S ALL MY SONS.
Directed by MICHAEL RIAREMORE.
Mon-Fri 7.30. Sat 4.50 & 8.00 Wed

roung Vic. 928 6365 Eve. 7 30 Ind Thuri. SAT 2 00 last peris KING LEAR. CLUBS

months £3,230, 25, 35, 30, Kerb Three months £3,230, 25, 30 Tumover: 4,430.

Sales: 1.755 (760) lots of 10 tonnos (CCO—Bally price tob Feb 16: 34.87 (55.16) indicator price for Feb 17: 25.38 (95.34). A species than anticipated opening schoolsed a gradual advance to less tenders thinks, reports Overel Burcham Lambert, Dealer selling coupled with a lower New York opening prompred a retrievement, despite scale-fown trade support.

Yestorday's

COFFEE Close + or Business

Per tonne

Per tonne

March. 1388-90 - 2.0 1415-80

May 1332-33 + 16.0 1353-23

July 1276-77 + 25.0 1288-57

Sept. 1247-48 + 22.0 1264-30

Nov. 1220-22 - 18.0 1235-23

January 1205-15 - 10.0 1225-15

March. 1195-20 - 12.5

qualities, but transactions in African growths were minimal,

GRAINS

inchanged Old crops tound two-way trade within a narrow range. New crees were lightly traded and any attempt to rate the market was haited

Mar.. 111.00 — 107.20 —0.10
May.. 114.65 —0.05 110.15 —
July . 118.15 —0.05
Sept. 105.90 —0.05 102.55 —0.05
Nov 110.55 0.04 105.40 —0.05
Jan. 114.45 —0.05 110.50 —0.05

RUBBER

Too London objectal market opened inchanged, attracted little interest throughout the day and closed easier Lowis and Peat recorded a March fobsition for No. 1 65S in Khala Lumpur et 203.5 (same) conts a kg and SMR 20 180.5 (same).

No. 1 Yest'r'ys Previous Business R.3.5. close close Done

nales viere registered. Few users 424-419; May 429, 452, 430-429; Aug viero interested in obtaining additional supplies, and business was far from brisk. Occasional activity was independent of the part of the p tralian cents per kg March 503 5, 510 0 511,0-509.0; May 520.0, 521.0, 510 0 511,0-309.0; May 520.0, 521.0, 21 0-520 0; July 528.0, 529.0, 529.0, 529.0, 529.0; 528.5; 524.5; 524.5; 529.0; Dec 528.5; 522.0; March 533.5, 525.0; March 533.5; July 543.5; 544.0,543.0; Sales:

SUGAR

SILVER

Silver with fixed 1 75p an ounce higher for spot delivery in the London bullion matter vesterday of 467 45p U.S. cont. equivalents of the fixing levels were spot 356 7c, up 5 4c, three-month 339 9c, up 6 5c; site-month 322 3c, up 6 5c; and 12-month 391 3c, up 7 5c. The metal opened at 487-473p (857-862c).

SILVER

WHEAT

WHEAT

WHEAT

WHEAT

Vesterd'ys for Yestird'ys for Close —
No. 4 Yesterday Previous Business Conclose close done tract

LONDON POTATO FUTURES—Abril vas ministly himer, but eased back during day to close at the low. Now and Feb found feen selling inwards the close, reports Coley and Harger, Circuma proces: April 132,00, -0.70 (argh 132,50, low 122,00); Nov 65,50, Feb 77 (0, -1.50 (high 77.0), low 65,50), Feb 77 (0, -1.00 (high 78.10, low 77.50). Turnever, 245 (354) lots of 40 tennes.

MEAT/VEGETABLES SMITHFIELD—Fence per pound. Beef: Scotch filled sides 85 5 to 88.5; Ulster hindquarters 91 0 to 34 5; forequarters 62 0 to 71.0. Veal: Dutch hinds and ends 117.0 to 125 0 Lamb: English small 80 0 to 89.0, medium 80.0 to 84.0, heavy 72 0 to 80 0; Imported: New Zealund PL 67 0 to 65 9. PM 67 0 to 66 0, YLs 65.5 to 66 5 Pork: English, under 100 lb 33 0 to 56 0, 100-120 lb 66.0 to 54 0, 120-160 lb 44 0 to 54.0

PRICE CHANGES In tonnes unless otherwise stated.

Feb. 16 + or Month 1982 — Month Aluminium £810/815£819/815 Free Mkt. \$1065/1076 - 5 \$1105/135 LONDON DAILY PRICE—Raw sugar \$173.00 (E170.00) a tonns of Feb-March price (183.00) (E180.00).

The market improved over the day and short-coming in March providing the main importus to the raffy, roports

C. Czarnikow.

Free Mict. \$1005/107 — 5 \$1025/25

Cash Rarde. \$866.25 + 1,75 \$889.25

Smiths. \$293.25 + 0.5 \$289.25

Smiths. \$289.35 + 1,5 \$2889.5

Smiths. \$289.5 + 1,5 \$2856.5

Smiths. \$289.5 + 1,5 \$2856.5

Smiths. \$289.5 + 1,5 \$2857.75

Free Mict. \$1005/107 — 5 \$1025/25

Annhs. \$289.25 + 1,25 \$2856.5

Smiths. \$289.25 + 1,25 \$2856.5 Platin'mtr oz'y £260

Olis Coconut (Phil) \$532.5w —2.5 \$550 Groundnut \$672.60w —17.5 \$690 Linseed Crudo Palm Malayan \$530x —2.5 \$512.5 Seods Copra Ph lip ... \$350 Soyabsan(U.S.) \$257 Grains
BarleyFut, May £110,15 £108,40
Maize £133,50x £133,50
Wheat Fut,May £114,65 -0.35££117,70
No.2HardWint,£115,50x -0.25£2117,10

† Unquoted. v April. w Feb-March. x March. † Per 76-lb Bask. * Ghana cocoa. a Nominal, § Seller, Strawberries—Israeli: 0.60: U.S.: 1.10.
Litchees — S. Alrican: Per lb 1.00.
Molons—Spanish: Grean 10-1g 10.00-11.00: Brazilian: Yellow 9.00-11.00.
Pineapples—Ivory: Coast: Each 0.35-120. Bananas—Colombian: Per lb 0.20-0 21. Avocados — Israeli: 4.00-4.80:
Canary: 5.00-5.50. Mangoes—Kenyeri: 5.06-5.50. Mangoes—Kenyeri: 5.06-5.50. Mangoes—Kenyeri: 5.06-5.50. Brazilian: 6.00-8.00; Peruvian 8.00-9.00. Dates—Tunigian: 30's 0.45-0.50: U.S.: 0.43-0.45.
Tometoes—Canary: 3.00-4.40, Onlons—Spanish: Grano 3/5 3.50-4.00.
Capsitums—Israeli: Rcd 4.50: Cenary: Red 4.03-4.50. Green 3.50-4.00. Cabstems—Spanish: Grano 3/5 3.50-4.00.
Capsitums—Israeli: Rcd 4.50: Cenary: Red 4.03-4.50. Green 3.50-4.00. Cabstems—Dutch Wilhi 3.00-3.50; Red 3.50-4.00. Cauliflowers—Jorsey 16-724's 4.80-5.00; French: 24's 4.80-5.00; Iralian: Per box 2.00; French: 23-1s 1.40-1.50 (astrucs—Dutch 22-1s 250, pre-packer 3.80: Iralian: Per box 2.00; French: 23-1s 1.40-1.50 (astrucs—Dutch 23-2 80-3.00, 12's 2.20. Cucumbers—Canary: 3.40-3.60: Groek: 3.00: Outch: 12-14 4.40-4.80. Chicory—Belgian: 3-1s-10-3. 2.00-2.20. Endivs—French: 5.00
New Potations—Canary: 28-4s were 6.60-6.20. mids 6.0-6.20. 55-1b. ware/mids 9.00-50: Jersey: Per lb. were/mids 9.00-50: Asperagus—U.S.: Per lb 1.80-2.50. English Produce: Potatoes—Per 55 lb. White 2.50-3.00, Red 2.50-3.50. King | Continues | Description | De

AMERICAN MARKETS

NEW YORK, February 16.
A STRONG DOLLAR and higher interest A STRONG DOLLAR and higher interest rates produced a major sell-off in processes metals and copper, but short-covering led to a partial recovery on the close. Heating oil railled sharply in response to a very strong cash market. Sugar was strong on active buying by commissional interests as the Soviet Union was rumoured to be taking deliveries. Cotton was mixed on expectations of improved demand. Grains and solyabeeds railled on the close on short-covering which cut early losses, reported Hamold.

Cappas—Feb. 71.25 (71.60). March 71.80-71.70 (72.00). April 72.75, May

reported Hermond.

Capper—Feb. 71.25. (71.60). March
71.60-71.70. (72.00). April 72.75. May.
73.80-73.90. July 75.80-75.95. Sept 77.80,
per 80.50. Jan 81.45, March 83.25, May.
85.05, July 86.85. Sept 88.65, Doc 91.35.

Gold—Feb 376.0-378.4 (378.4). March
378.0 (380.3). April 381.5-382.0, June
380.5-391.5, Aug. 401.5-402.0, Oct 410.5,
per 420.5, Feb 430.7. April 441.0, June
451.5. Aug. 462.0. Oct 472.7. Dec 483.5.

Plantinum—April 388.5-369.0 (370.6).

July 378.0-378.2 (379.9). Oct 388.5.

Sept 4912. Dec 272.4-4222. March 438.

WINNIPEG, February 18.

**Platinum—April 388 5:389.0 (370.6), July 378.0-378.2 (379.9). Oct 588.5. July 378.0-378.2 (379.9). Oct 588.5. Sept 4912, Dec #224-4221, March 438, 389.6, Jan 403.5-404.4, April 418.6. TS:Itver—Fab 847.0 (860.5). March 19.6. TO:Itver—Fab 847.0 (860.5). March 19.6. TS:Itver—Fab 847.0 (130.10). July 133.60. Oct 135.60. Dec 135.90. All cents per priund ex-warehouse united stated 19.6. TS:Itver—Fab 847.0 (130.10). July 133.60. Oct 135.60. Dec 135.90. All cents per priund ex-warehouse united stated 19.6. TS:Itver—Fab 19.6. TS:Itver—Fab 19.6. TS:Itver—Fab 847.0 (130.10). July 133.60. Oct 135.60. Dec 135.90. All cents per priund ex-warehouse united stated 19.6. TS:Itver—Fab 19.6. TS:Itv

EUROPEAN MARKETS

EUROPEAN MARKETS

ROTTERDAM, February 15.

Wheat — (U.S. \$ par tonne): U.S.
No. 2 Dark Hard Whoter, 13.5 per cent:
Feb 20/March 15 199. March 1-25 198.50.
U.S. No. 2 Red Winter: Feb 15/March 15
166.50. U.S. No. 2 Norhorn Durim: Feb 214. April/May 188,
June 190. July 191. U.S. No. 2 Norhorn Spring. 14 per cent: April/May
184.50. June 185, July 185.50. Sept
187 50.

Maire — (U.S. \$ per tonne): U.S.
March 126, April/June 127.25, July/Sept
131.75, Oct/Dec 138 sollers.

Soysbeans—(U.S. \$ per tonne): U.S.
No. 2 Yellow. Guidports: Feb 250.
March 257, April 254.75, May 257.25,
Juno 250, July 261.50. Aug 263, Sept

265.25, Oct 265. Nov 265, Dec 269

**Soysmeal—(U.S. \$ per tonne): U.S.
No. 2 Yellow. Guidports: Feb 250.

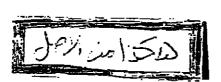
March 257, April 254.75, May 257.25,
Juno 250, July 261.50. Aug 263, Sept

265.25, Oct 265. Nov 265, Dec 269

**Soysmeal—(U.S. \$ per tonne): U.S.
No. 2 Yellow. Guidports: Feb 250.

March 257, April 254.75, May 257.25,
Juno 250, July 261.50. Aug 263, Sept

INDICES DOW JONES Dow Feb. Feb. Month Year Jones 12 11 ago ago FINANCIAL TIMES Feb. 15 Feb. 12 Month ago Year ago Spot. 128.91 129.12 126.35422.65 Futr's 135.89 135.52 133.36437.48



EQUITIES

RECENT ISSUES

Attempt to stabilise shaken by U.S. market downturn Equity index closes 6.9 off—Gilts lose early gains

Account Dealing Dates

Option
*First Declara- Last Account Jan 25 Feb 11 Feb 12 Feb 22
Feb 15 Feb 25 Feb 26 Mar 8
Mar 1 Mar 11 Mar 12 Mar 22

markets to resist fresh downward pressures was shaken yesterday sharply lower values after Monday's holiday. This followed strengthening views that U.S. prime rates would soon rise, perhaps to 17] per cent, because of U.S. fiscal policies; late yesterday a small prime lender raised its rate in 17 per cent.

Marked opening weakness in U.S. bonds, followed later by liding Wall Street equity values. particularly upset leading shares ere. A tranquil market became extremely nervous with both main investment sectors backing away from only light selling. Many blue chip industrials sus-tained sizeable falls, none more so than recently impressive ICI, which reacted in the space of a few minutes from 350p to 33Sp before steadying to close a net 8

down at 342p.

Two other constituents of the FT Industrial Ordinary share index suffered losses of between 6 and 8 pence but falls otherwise were limited to 4 pence; this measure, which was less than a point off at noon, closed

Fixed-Interest...

Industrial Ord......

Gold Mines 12-9/56. SE Activity 1974,

HIGHS AND LOWS

70.61

72.01

6.9 down on balance for a two-day fall of 13.3 at 557.2. The broader-based FT-Actuaries Allshare index was not affected to the same degree, losing 0.7 per cent yesterday to 323.20.

Light investment demand and improving Gilt-edged quotations had underpinned the equity ectors for much of the session. An attempt by London stock But this support was removed when Gifts slipped noticeably following opening two-point losses in U.S. bonds. Short and American financial losses in U.S. bonds. Short and resumed trading at longer-dated Government stocks showed falls ranging to i at one stage, but confidence later returned and the shorts finally picked up to overnight levels. Medium and longer maturities eventually recorded small mixed movements and the FT Government Securities Index regained a marginal 0.4 to close at 64.83.

Dealings began yesterday in TSW (Television South West); the shares, in quiet trading, slipped to 13p before reverting to the opening level of 14p.

FNFC below best

First National Finance Corporation featured an otherwise lacklustre banking sector, rising 14 more to 38p, after 394p, following a fresh bout of speculative buying on bid hopes. The major clearers drifted lower for want of support. Lloyds, which start the dividend season on Friday, relinquished 4 to 468p, while similar falls were recorded in Midland, 336p, and NatWest, 448p. Elsewhere, Grindlays shed

FINANCIAL TIMES STOCK INDICES

Ord. Div. Yield. ... 5.50 5.43 5.59 5.37 5.35 5.44 7.40 Earnings, Yid. 7:1010 9.75 9.65 9.66 9.47 9.44 9.60 16.47 P.E Ratio (net): 1.... 13.42 13.58 13.68 13.83 13.88 13.85 7.43

Total bargains........ 18,549 19,791, 19,021 19,626 17,514 19,566 22,224

Equity turnover £m. - | 105.77 165.92 183.19 132.00 131.19 104.62

10 am 562.0. 11 am 563.1. Noon 563.2. 1 pm 563.1.

2 pm 562.4. 3 pm 559.8.

Latest Index 01-246 8026.

1981/2 Since Compilatin

60.17 127.4 49.18 (26/20/81) (3/1/35) (3/1/75)

1504

High | Low | High | Low

61:61

Basis 100 Govt. Secs. 15/10/25. Fixed Int. 1928. Industrial Ord. 1/7/35.

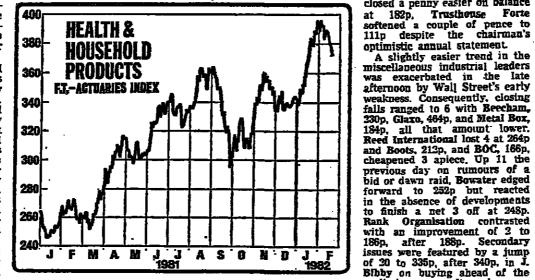
64.93 64,89 65,42 65.34 65.15 65.08 70.67

S.E. ACTIVITY

221.0 183.4

557.2 564.1 570.5 572.0 573.7 563.2 485.5

Feb. 15



6 to 200p; the preliminary figures are scheduled for next Tuesday. Awaiting today's annual results, Gillett Bros. hardened a couple of pence to 182p.

Still reflecting a Press suggestion that the company might merge with a UK insurance concern to deter a bid from the German Allianz group, Eagle Star were supported up to a new peak of 367p before closing a net 4 better at 364p. Other Com-posites gave ground in line with the general trend. Commercial Union, preliminary results due next Tuesday, eased 3 to 133p.

Drab conditions persisted in Buildings and final quotations were the day's lowest. Blue Circle closed 8 down at 512p, while Tarmac, 422p, and RMC, 221p, shed 6 apiece. BPB Interpretations of the properties of t dustries gave up 4 to 364p and Redland 5 to 173p. Among Con-tracting and Construction issues. Marchwiel lost 3 to 134p; the preliminary results are due next Wednesday. Against the trend in quietly dull Timbers, John Carr (Doncaster) touched a 1981-82 peak of 73p before closing a net 4 up at 78p on speculative interest. Elsewhere, Cakebread Robey "A" firmed Group a similar amount to 102b.

Brown Weakened 5 to 15p.

Birmid Qualcast edged up 2 to 28p awaiting today's preliminary statement. Drake and Scull encountered profit-taking after the previous day's rise of 8½ in response to the results and reacted 1½ to 51p. Christy Bros. fell 3 to 25p. while Yarrow gave up 10 to 300p in a restricted similar amount to 102p.

ICI fluctuated narrowly before reacting sharply to 338p on early Wall Street advices and closing a net 8 down at 342p. Fisons, a strong market recently following the sale of the group's fertiliser division to Norsk Hydro for £50m, softened a couple of pence

A rising market of late following store purchases, Martin The sagent added 8 more to 320o. Lee Cooper put on 5 to 1250 on revived demand in a thin market, while similar improvements were seen in Alfred Preedy, 70p, and Foster Bres., 66p. The Store leaders closed at the day's lowest with Gussies "A" finishing 5 off

The Electrical majors typified J. Bibby firm the the general apathetic trend. closing with modest losses after closing with modest losses after a small turnover. Profit-taking the quarterly report, Grand shead of tomorrow's interim Metropolitan drifted off and

results prompted a reaction of results prompted a reaction of 4 to 368p in Plessey. Thorn EMI decined 3 to 457p as did GEC, to 820p. Elsewhere, Standard Telephones and Cables gave up 5 to 450p as did Telephone Rentals, to 335p. Lec Refrigeration, on the other hand, rose 10 to 245p in a thir market. ESI to 245p in a thin market. ESI closed unaltered at 130p; the

price in yesterday's issue was in

error.

Leading Engineers held up reasonably well until the late afternoon when a distinctly easier trend developed. Losses, however, were limited to a few pence, GKN easing 3 to 160p and pence, GRN easing 3 to 160p and falls of 2 being marked against Hawker, 328p, Tubes, 128p, and Vickers, 163p. Among secondary issues, Parkileid Foundries fell 2 to 13p on the sharp fall in interim profits, while Howard Machinery ended unaltered at 24p, after 26p, following the half-year results. Johnson and Firth Brown weakened 3 to 15p.

Despite the directors' statement that the company had no information about a bid information about a hid approach, Single touched 391p in active trading on rumours that Linfood were about to bid firmed 4 for a two-day gain of before a late reaction left the 6 to 151p in response to favourshares just a penny up on able Press comment. Other lead-balance at 371p. Linfood, a penny ing issues, a few pence firmer firmer at one stage, finished 4 at one stage, turned easier late cheaper at 186p. Elsewhere in to close with small losses on the Food sector, Ranks Hovis balance. Elsewhere, Whittington the Food sector, Banks Hovis balance. Elsewhere, Whittington McDougall touched 67 p on Estates improved 1 to 22p, but revived bid speculation before Crest International lost 1 to 13p closing 2 dearer on balance at despite the satisfactory results. 66p. Other issues followed the general trend, Tate and Lyle Oils lower shedding 4 for a two-day fall

up 10 to 300p in a restricted

earlier small losses by a couple of pence in the wake of the initial setback on Wall Street. British Petroleum and Shell both settled 4 cheaper at 286p and

closed a penny easier on balance 358p respectively. Lasmo gave up at 182p. Trusthouse Forte 10 to 325p, while Tricentrol softened a couple of pence to encountered further selling and 111p despite the chairman's weakened 8 more to 200p. Sovereign closed 5 off at 305p. optimistic annual statement.

> day that the Merchaut Navy Officers' Pension Fund is now the in the company. R. P. Martin met further demand and rose 12 Revived bid speculation left Reardon Smith 10 higher at 140p.

bid or dawn raid, Bowater edged forward to 252p but reacted in the absence of developments to finish a net 3 off at 248p. Rank Organisation contrasted with an improvement of 2 to 3 firmer at 398p.

down at 143p, provided an iso-lated dull feature in Plantations.

Bibby on buying ahead of the preliminary results, due on

gain of 5 to 81p in Hawley, while Inter-City Investment added 2 more, making a three-day jump depressed by a further bout of Melbourne markets.

> finally 9 down at 65p—a two-day loss of 22—despite news of a 490 barreis a day oil flow from the Jackson No 2 well in the

> Piztinums were aggressively sold following the interim divi-dend cut and reduced half-year profits from Impala. The latter dropped 24 to 290p while Rusten burg fell 15 to a 1981-82 low of 180p and Lydenburg 10 to a low

changed after extremely thin trading with the bullion price bolding steady at around the \$375 per ounce level

In the heavyweights, Hartebeest managed a gain of i to £24 and Kloof edged up i to

The fresh downturn in the UK equity market had a depressing effect on London Financials, Notable movements in Properamong which Gold Fields gave up 9 to 456p and Charter 5 to ties were few, but Peachey firmed 4 for a two-day gain of

South Africans, however, man-

The Traded options marke was busier with 2,116 deals arranged, comprising 978 calls and 1,138 puts—only the fourth time that the latter have been in the majority, Imps were again particularly active, recording 521 contracts, of which 443 were August 90 series. BP attracted 437 deals, while ICL ahead of the results due on February 25, accounted for 53 calls and 360 puts; 110 of the latter were in

A slightly easier trend in the miscellaneous industrial leaders and Smithers put on 6 further was exacerbated in the late to 190p; it was announced yesterbeneficial owner of 1.17m shares

> after 148p, and the A shares 13 to the good at 133p, after 135p. and Commonwealth improved afresh to 402p before settling

Harrisons Malaysian Estates. 9

Claremont down

Australian mining, oil and gas issues continued to lose ground. selling in overnight Sydney and

The oil and gas sector bore the brunt of the selling with Claremont notably weak and

also after half-year results. Johnson Matthey, third-quarter figures scheduled for next Wed-In the leading mining issues Western Mining dropped 6 to a 1981-82 low of 206p and Oaknesday, came on offer and lost 12 to 265p, while recent speculative favourites, Avon Rubber and Gripperrods reacted 5 apiece

South African Golds were little

£137 but Western Deep eased } to a 1981-82 low of £137. The latest U.S. acquisition stimulated Gold Mines index hardened 0.3 support for advertising agents to 274.6. Geers Gross, which put on 8 The fr

FIXED INTEREST STOCKS

issue price £	Amount paid up	Latest Renund date	198 High	· 	Stock	Olosing Price 2	+0
\$100 \$100 \$100 \$100 \$100	P25 F.P. F.P. F.P. F.P. F.P.	12/3 26/2 18/3	208 212 97 113 1004 1004	202 213 86 102 12 993	Barclays 16% Ln. Stk Churchbury Ests. 6.93 Cnv. Ln 1985 Do. 800 Cnv. Ln. 1987 Habitat 913 Conv. Uns. Ln. '98-2001 Hasiomere Est 900 Conv Uns Ln. '98-2001 Mid Kent Water 913 Red. Prf. 1987 Nat wide 8dg. Society 1649: 1771.851 Do. 18562 172:831 Viners 103 Cnv. Loan 1988	212 27 110 13 1001:	+1 +4

"RIGHTS" OFFERS

Drice Drice	¦ 55	Ren	unc.	196	31/2	Stock	등 수 ·
P	E	_ •	•	High	Low		를 =
2.5A\$ 140 40 55 R.2. 180 2 20 188 25 45	NII F.P. NII F.P.	19/2 12/3 26:2 11/2 26:2	19:3 5:8 26:2 26:3 26:3	24pm 112pm 115 30pm 260 81pm 228 16pm 5pm	15 pm 105 20 pm 212 45 pm 218 10 pm 2 pm	CSR A 51 Davy Corp. PEnergy Finance 10p Glass Glover Griqualand 5 cta (Kwik Save 10p Lovell (YJJ) MEPG Smith St. Aubyn Steaua Romana (Brit.) Wearweil 5p	16pm -1 114 114 30pm 258 45pm -1 228 +2 14pm -2 2pm -1

Market. # London Listing. # Effective leave pros sites scrip. dealt in under Rule 163(2) (a).

ACTIVE STOCKS

Stock Claremant Pet Downy FNFC Impaie Platinum ICI Inter-City Inv	Closing price Day's pence change 65 - 9 116 - 2 38 + 12 290 - 24 342 - 8 374 + 2	Stock Peschay RHM Rank Organisation Reardon Smith Rustanberg Plat Single	Closing price pence 151 66 186 140 180 372	Day's change + 4 + 2 + 10 - 15 + 1
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MONDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

. 1				Aonday'	•	Monday a				
.			No, of		•	No. of closing				
1			Drice.	Drice	Day's	,	price		Day's	
H	Stock		epaudee		change	Stock	changes		change	
: [Honzon	Travel		370	+20		A 10	84	+ 9	
1	Bowster		14	251	+11	Eagle Star		360	+ 7	
1	Imperial			. 80xi		Trident TVA		. 87xd		
ł	Comm	Union		136	+ 4	Turnr & Nev		108	+ 1	
Į	Lonrho		13	81xd		NCC Energy.		108×d	+ 85	
1	ICIi.		11	350	+ 4	Racai Elect .		370	- 5	
1	Walker (T.)	11	64	 .	Royal Ins	9	352	+ 7	
										

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COMPANY_ ADDRESS

Industry in which company is involved:_

NEW HIGHS AND LOWS FOR 1981/2

shares extended

Investment buying prompted a

of 18 to 37 p. on hopes of a bid from investment concern, Metan;

the latter last week acquired a near-26 per cent stake in the company. Dalgety hardened 2 to

338p, after 340p, on the record interim earnings, while Elbief edged forward a fraction to 14p,

to 119p and 110p respectively. Pleasurama, still drawing strength from last Friday's

casino acquisition, put on 25 for

a gain since the announcement of 80 to 420p.

suggestions that a broker was preparing a sell circular, but

steadied to close just 2 cheaper

on balance at 116p. Elsewhere in the Motor sector, Kennings

touched 69p and ended 11 up at

68ip, while Henlys settled 2 dearer on balance at 113p, after

116p.
Comment on the company's

Dowty reacted to 113p on Press

NEW HIGHS (33)

NEW LOWS (27)

RISES AND FALLS YESTERDAY

OPTIONS

Last Last For Deal- Declara- Settle Mar 8 Mar 19 June 17 June 2 Mar 22 April 2 July 1 July 12 For rate indications see end of Share Information Service

Money was given for the cal of De Beers, British Petroleum Tricentrol, Trident TV, Lasmo Inter-City, Stone-Piatt, Deben-hams, NCC, Chloride, Single Bowater, Hepworth Ceramic, ICL Lonrho, First National Finance Swire Properties and Woolworth Arrow, ICI and Gus "A", while double options were transacted in First National Finance and

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of

Tues Feb 16 1982 EQUITY GROUPS & SUB-SECTIONS Est. Gross-Earnings Div. Yield % Yield % (Max.) (ACT at 30%) Day's Change % Motors (21) Other Industrial Materials (17) CONSUMER GROUP (198) Brewers and Distillers (21)... Food Manufacturing (21).... Food Retailing (15)..... Newspapers, Publishing (12) Packaging and Paper (13)

-0.8 9.25 4.32 13.62 370.94 373.19 374.75 374.53 300.64 -1.2 13.65 5.25 8.94 327.79 330.75 332.65 330.66 271.02 -0.5 15.61 4.84 7.53 582.44 589.00 589.73 584.63 455.05 -0.5 7.33 2.30 17.43 1259.32 1265.89 1262.11 1270.49 390.84 -0.5 12.33 5.71 9.49 515.18 520.38 520.77 517.41 392.76 -0.9 10.79 5.62 11.81 196.34 199.85 199.86 175.46 -0.6 7.32 19.20 170.81 171.44 174.22 176.56 140.16 -0.8 - 6.73 - 99.74 99.56 99.18 99.54 57-22 -0.6 7.23 19.20 170.81 171.44 174.22 176.56 140.16 -0.6 12.56 5.68 9.77 22.28 22.50 290.64 290.55 287.11 527.28 -0.7 16.62 6.90 7.24 225.01 290.64 290.55 287.11 527.28 -0.7 16.62 6.90 7.24 225.01 290.64 290.55 287.11 527.28 -0.7 16.62 6.90 7.24 225.01 290.64 290.55 287.11 527.28 -0.7 16.62 6.90 7.24 225.01 290.64 290.55 287.11 527.28 -0.7 16.62 6.90 7.24 225.01 290.64 290.55 287.11 527.28 -0.7 16.62 6.90 7.24 225.01 290.64 290.55 287.11 527.28 -0.7 16.62 6.90 7.24 225.01 290.64 290.55 287.11 527.28 -0.7 16.62 6.90 7.24 225.01 290.64 290.55 287.11 527.28 -0.7 16.62 6.90 7.24 225.01 290.64 290.55 287.11 527.28 -0.7 16.62 6.90 7.24 225.01 290.64 290.55 287.11 527.28 -0.7 16.62 6.90 7.24 225.01 290.64 290.55 287.11 527.28 -0.7 16.62 6.90 7.24 225.01 290.64 290.55 287.11 527.28 257.28 -0.7 16.62 6.90 7.24 225.01 290.64 290.55 287.11 527.28 257.28 257.10 290.67 290.75 290.67 290.75 FINANCIAL EROUP (117) 9.61 394.56 386.81 386.76

- 25.24 297.16 297.37

- 25.24 295.90 226.14

- 25.99 253.56 256.14

- 162.57 159.80 166.73

13.35 438.31 438.97 437.69

- 159.20 151.56 151.23

28.65 457.78 458.89 459.37

7.93 189.61 186.98 189.36

- 314.56 418.78 189.36 5.86 6.57 10.80 6.22 8.26 5.19 5.42 3.22 5.76 259.74 287.39 232.29 257.34 162.09 439.52 150.55 457.12 187.74 Insurance (Life) (9).... Insurance (Composite) Insurance Brokers (7)... Merchant Banks (12)... investment Trusts (112). -0.3 - 5.16 -1.1 15.23 6.28 -0.2 12.47 7.60 - 315.59 318.61 7.90 228.84 238.90 9.79 419.56 433.72 Mining Finance (4)..... Overseas Traders (17)... 99 ALL-SHARE INDEX (750)

_	FI		INTE		·	AVERAGE GROSS REDEMPTION VIELDS Tues Feb 16 11	200	
	DEDICES	Tates Feb 16	Day's change %	Mon Feb 15	xd acti. today	ad adf. 1982 to date	Syllish Garesmount 12.67 12.67 12.67 12.67 12.67 13.64	
1 2 3 4	British Government 5 years 5-15 years Over 15 years Irredeemables All Stocks	107.44 103.20 106.53 125.83 105.37	+0.65 +0.62 -0.63 +0.63 +0.61	167.46- 163.18 106.56 114.54 105.36	1111	1 179.	4 Medium 5 years 13.22 13. 5 Coupons 15 years 15.10 15.20 15. 6 7 High 5 years 15.29 15. 8 Coupons 15 years 15.29 15. 9 0 Ivredeenables 7 13.01 13.01 13.	7 12.65 13.27 10 13.86 11 13.66 13.27 14.10 17 13.48
6. 7	Preference	81.88 62.77	+0.39	81.56 63.19	-	169	1 Deis & Lears 5 years	6 H31 5 H52

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	FT S	HARE	INFORM	IATION	SERVICE		FOOD, GROC	ERIES—Comt
Invest overseas with the world leaders		<u>.</u>				NEEDING	80 55 Loveli (G.F)	
Find out more — phone 01-283 9911	LOANS 1981-12 Price + 11 Yield Blad Lew Stock £ lat Red		Price - Net Chr Sr's PIE High	HEMICALS, PLASTIC	S—Cont. ENGI MACHI	NEERING NE TOOLS	80 55 Lovell (G.F) 209 245 Lowell (G.F) 209 246 460 26	年5世 - 12 (17.88) 1 日 計算数 16
Fidelity	Dublic Roard and Ind.	290 1173 IANZ \$A1	202 028: 3.3 7.2 42 46 230at 185 115 592 558 1 1902% 19 0.3 5.3 590 94 2 063.9% 5.510.7 24 13 17 0.15 1.3 13	21 Ren. Tar Ped. 10s 45	1.5 6.7 (12.8) High Lev Stock 3. 43 (9.1) — 25 (10 All Ind. Prods	Price - Set Circ Set PE	270 185 Histolis (Vinita)	50 24 43114 50 1825 49 2849 74 -1 mlss 49 35 17
INTERNATIONAL	981 ₂ 91 Do. without Warns: 981 ₂ 9.33 -	48 3 Bk Leumi SO.1	258 -1 902% 19 0.3 53 590 84 -2 033% 5510.7 24 133 17 -0.15 - 1.3 - 68 220 -024% 10.3 - 68 5 -0024% -0.8 - 86		42 4.9 5.3 est 11. Abreos 10	74 0.75 - 14 - 23 - 21 56 111	54 38 Pylic Hidgs, 10p.	54 64 +2 1.86 26 1.45(2) 55 -1 (7.25) 24 -1 (62.86) 25 -2 (4.5)
BRITISH FUNDS	1011-1 944, FFI 140c 83	1 548 285 Bank Scotland 11 87 472 370 Barctays 11	443 11137.51 571 581 331 📆	18 Crods Int. Deld. 52 +-	- - 101 b) Ander, S'Oyce	42 +1 +4.0 2.8 5.7 7.0 12.5 3.4 6.4 5.1	190 142 Rountret M. 50a 1 174 1724 Safeway Stores 560 330 Safeway (J.) 5 391 ₂ 16 Singlo 10a 262 75 Somportex 41 20 Spairel H'a 125a	50 17.5 38 1816.4 376.41 40.31 22 52 -
"Shorts" (Lives up to Five Years)	72 78 Do. 11pr Unit p. 98 83	10 243 182 Brown Stipley (1) 408 270 Cater Allen (1) 10 408 270 Cater Allen (1) 10 95 64 Charterhouse Gp 16 Clive Dis'nt 20p	233 16.5 - 4.0 - 250 310 23.1 - 10.6 - 25 81 14.5 1.7 8.0(9.1) 245 24 - 11.5 - 1 - 30	12 District Strand Sp. 1532	23 4.4143 26 13 Augusta Mets		41 237 Spierre in a 2-30 220 128 Trate & Lyfe 51. 2 30 22 Tavecer Rut. 20 71 482 Tesso 5p	80 -7 125 43 45 14 33 45 14 33 45 14 33 45 14 35
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25: 69% Treasury 105c 1992.	High Let Steck I - Steck I 161-2 172-2 174-2	35 14½ (Cattle's (Holss) 10a) 4 625 £11 Cle 8 cre Fr. 100. 4 64 30 Lnd. Scot. Fra. 10p 2 25½ 13 Warragie Mer. 10p 5 148 93 Prov. Finstacial. 1 172 6 Starta Holys. 10p 1 56 34 Wagon Finance	26 1 27 26 14 77 230 1592 - 7.0 109 15 6.1135 167	138 Currys	3.4 3.5 8.8 25 16 Cooper (Fr) 129-14 19-14	20	111 ₂ 61 ₂ Amoust Trust 10p 54 32 ¹ ₂ Ashley Ind. Tst. 85 39 Assoct Comms 'A' 32 20 Ass. Sprayers 10p 130 78 July Likater 20p.	1002
945, 794, Treasury 12-oc 9232. 88-bg +bg 18.77, 15.33 105-5, 84 17-25. 15.32 107-3, 90-y 17-25. 15.32 107-3, 107-25. 15.32 107-3, 107-25. 15.32 107-3, 107-25. 15.32 107-25	21\(\frac{1}{4}\) 13\(\frac{1}{4}\) Anter: Express \$0.60\) = 127\(\frac{1}{4}\) 10\(\frac{1}{4}\) More: Medical Ind. \$1.\) 13\(\frac{1}{4}\) 52\(\frac{1}{4}\) 10\(\frac{1}{4}\) Anter: Mat. Res. \$1.\) 13\(\frac{1}{4}\) 13\(\frac{1}\) 13\(\frac{1}{	۲ <u>۲</u> ۱	* <u>/</u> 4/2	12 Executex 20p 12	1.611.4(6.7) 14 97. Cooper last. 10p. 44 1.913.8 30 16 Cronite Group	\$60 034% - 63 - 65 - 05 3.6 1.717.6 50 + 1.47 2.1 4.2025 156 -2 67.37 1.6 6.803 52 -12 3.64 1.2100 013	161 ₂ 54 Austin F (Lity) Kin 124 80 Avon Rubber £1 1	19 -5 30 - 36 - 16 - 174 - 69 -
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10-76 79-7 Treasmy 124 pc 95tt 97-8 15-22 15-26 15-26 17-25 14-26 93 15-22 15-26 15-	145 5540 Brunswick Corpul. 143 \$1.00 — 244 144 Burroughs Corp. \$5. 185 \$2.60 — 7 204 124 C.P.C. \$1_2 \$1.92 — 5	4 166 101 Bell Arths 500 5132 594 Da Mac Da 99-01	222 -1 9.46 2.6 6.1 7.7 83 24 83 166 +2 4.72 3.8 4.1 7.7 13 5132 +1 69.46 16 1 7.3 - 106 153 535 2.8 33315.6 512	44 Goldberg A	0.8 13.6 13.2 521 ₂ 29 Urake & Scall In. 1.5 11.0 7.8 11.4 42 Ductile Steets 1.1 5.8 (28) 96 35 Eatro (Hidgs) 3.2 3.7 12.6 25 90 Elifott (8.) 3.2 3.7 11.8 47 26 Eva Industries	20 ±0.9 1.6 ±12.0 51 -12 3.0 0 8.7 0 114 45 5.6 5.0	32 13 Bardsey 10p	15 <u></u> 7.0
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Over Fifteen Years 23. 69. Exchequer 101.pc 1997 741.pt 14.12 14.80 742.pt 622.pt 742.pt 742.pt 13.12 14.15 1022.pt 222.pt 1597.pt 1012.pt 15.37 15.38 12.39	154, 865p City Inv. S1.25 125 \$1.60 - 6 24 134 Do. Cm. Pri. 8 S1. 195 \$2.00 5 974p 587p Colgate-P. S1. 965pm \$1.20 - 6 244 936p Coll Int. S1. 945pm \$1.20 - 6 244 936p Coll Int. S1. 945pm \$1.80 - 6 244 936p Coll Int. S1. 945pm \$1.80 - 6 244 936p Coll Int. S1. 945pm \$1.80 - 6 244 936p Coll Int. S1. 945pm \$1.80 - 6 244 936p Coll Int. S1. 945pm \$1.80 - 6 244 936p Coll Int. S1. 945pm \$1.80 - 6 244 945p	0 317 172 Bulmer(H.P.) 7 400 250 Burtonwood 114 120 Clark (Matthew) 5 235 160 Distillers 50p 6 44 28 Gordon (L.) 10p 6 164 107 Greenal Whitley	400	17 Helene Lon. 10n. 18nd -1, 1.48 16 Heurigues A 10n. 22 +1 1.5 84 Hepworth (1.) 10 92 +1 3.79 64 Hiltons 20n. 157 44.72	1.4(11.7)(7.7) 227 32 Firth (6. M.) 10p 1.4(9.7) 9.8 24 11 Folkes Hfg a/v 5p 1.6(6.1) 03.0 87 61 GE1 (refe) 20p	218 +6 30 - 20 -	78 48 Serisfords 7 77 30 Berwick Timpo. 3	56 +1 0.5 1.9 27(0.5) -1 1.8 1.4 71(0.5) -1 1.6 20 220 27
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104-8 854 Freak 154pt 2000-03. 9224	12½ (78%) Ford Metor \$2	1193 his Warre	5m -12 438 1711 4(6.5) 144 57 0.1 - 0.2 22 126 07.5 25 8.5 5.3 34 180 -2 164.47 2.7 6.4 6.8 29	126 Liberty 130	- 1.9 - 12.7 10.7 Hallite 50c	203ad b11.0 2.0 7.7 7.5 10xi d0.75 1.810.7 7.1 326 -2 8.2 3.7 3.6 8.5 50xi 3.5 \$10.0 \$ 107 5.65 1.8 7.5(0.0)	77 40 Davis Nat 7	52 88 25 7.4 6.5 2 -1 7313 21 6.2 8.9 7 +4 13.0 1.6 9.0(8.3) 2 -3 7.5 25 5119.6
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INT. BANK AND O'SEAS GOVT. STERLING ISSUES	211 ₃ 121 ₄ Rep. N.Y. Corp. \$5 19 ₃₄ \$1.40 — 3.9449 6369 Rextract \$5 63669 \$1.08 — 8.201 \$1.08 — 8.201 \$1.08 — 8.201 \$1.08 — 8.201 \$1.08 — 8.201 \$1.08 — 8.201 \$1.08 — 8.201 \$1.08 — 8.201 \$1.08 — 8.201 \$1.08 — 8.201 \$1.08 — 8.201 \$1.08 — 8.201 \$1.08 — 8.201 \$1.08 — 8.201 \$1.08 — 8.201 \$1.08 — 8.201 \$1.08 \$1.08 — 8.201 \$1.08	24 12 Beechwood 10p 103 60 Bellway 65 33 Benford M. 10p 68 39 Bett Bros. 20p	21	48 Reed Austin 'A' 76 +4 3.36 10 S&U Stores 125-0 1074 -14 -	1.8 6.3 10.2 15 9 Locker (T) 5p - 23 142 9 Do. 'A' 5p - 350 29 Mandam Branze	142 106 16105 7.4 132 -12 106 1611.2 69 262d -3 7.0 3.5 3.8(2.4) 3892 217 - 10.2 - 216 -7 7.6 2.2 5.011.8	124 76 (Streeters (Muss) 11 45 19 Burco Dean 4 10% 5 Surrotene 15p 32 23 (Surrot Ands'n 10p. 2 140 80 (Stations Comp. 10p. 8	7
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COMMONWEALTH AND AFRICAN LOANS	164 812p (turken's Bay 8 852p - 2 \$1.20 - 6.2 \$2 795p (turken's Bay 8 852p - 2 \$1.20 - 6.2 \$1.	100 51 Gleson(ML) 10p. 82 39 Glossop. *81½ 47 H.A.T. Grp. 10p 30 18 Hefical Bar	98	27 BSR 10p 84 -1 20.5 13 ttBater Elec. 10p 25 91.0 90 Berrec 10p 208 12.96 46 Bowthorps 10p 208 12.96	0.8 25 192 Senior Eng'g 10p 5.5 60 31 Serck 3.9 2.016.3 19 8 Stark Francis 20p 3.9 2.016.3 36 270 Simon Eng's	232 15 18 9.1(73) 57 434 12 #(34) 14 -2 120 32 42 98	92 53 Crest Nichel 10p 97 For Crusby Hse. see 11½ 5½ Crusby Wu'll 10p 333 363 267 Daigety £1 333	2 2.65
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Dept. FT, The Civic Centre, Newport, Gwent. __Tel; (0633) 65491_



Laker deadline may be extended

by lynton malain and John Moore

Freddie Laker and his grounded with."

accepted for him, means that his thought tonight, but the Authority said yesterday that the deadline was "not a 100 per cent cut-off point."

But he will remain a member means that his Lloyd's will fall.

Lloyd's concern Freddie's finances

writing again.

insurance market supported by leave the market, and Sir the finances of wealthy indi- Freddie will still receive invest-

Cadbury to

Duffy-Mott

CADBURY SCHWEPPES, the

confectionery and soft drinks group, is expanding its posi-

tion in the North American

fruit juice market with the

planned acquisition of a lead-ing U.S. manufacturer of apple juice. The deal is worth

between \$75m (£41m) and \$100m (£55m).

Cadbury is acquiring Duffy-Mott, North America's number

two producer of apple juice,

from American Brands, the

U.S. tobacco group which owns the UK Gallaher tobacco

Cadbury which instigated

the deal, is acquiring a com-pany which has 11 per cent

of the overail North Ameri-

can apple juice market—up

to 19 per cent on the Eastern

coast where Duiry's presence

is particularly strong. Apple

juice forms the bulk of

Duffy's business but in its

other product areas it has a

25 per cent share of the

Nort hAmerican apple sauce

market and 8 per cent of the

America, where the group's

Schweppes' chief executive, said last night that since its

rights issue last year, Cad-bury had been determined to

develop its assets in North

America. It was already big in lime juice in the U.S. and

in cranberry and grape juice

in Canada, American Brands was approached about six

weeks ago.
Mr Collins said Duffy's apple juice brand was strongest on the East coast and was sold mainly through

the grocery trade. There would be benefits from put-

ting it together with Rose's

lime juice, which was strongest in the West and sold mainly through licensed

outlets. Cadbury's total group sales

rose from £1bn to £1.12bn in

1980, with trading profits improving from £70.7m to £80.5m. Within those figures

North America contributed sales of £126.3m (£114.6m),

generating profits of £6.Im (£5.5m). The group's drinks business in North America

contributed sales of £33,2m

Duffy sales rose by 9 per cent to \$101.64m in 1980

producing a 19 per cent gain in operating income to \$6.95m.

This is the largest acquisi-

tion by Cadbury since it acquired Peter Paul for \$59m

in 1978. This move gave the

company a major foothold in

the U.S. confectionery market

and profits of £3.8m.

vegetable juice market.

position.

acquire

for £41m

By Reg Yaughan

THE Civil Aviation Authority siderable financial problems he deposits, which all members is set to relax its deadlines over felt it only right to cease must lodge with the market. The operating licences of Sir underwriting insurance forth.

No insurance business will be

cent cut-off point."

As the Authority indicated a conciliatory mood toward Sir Freddie, the aviation entrepeneur's personal circumstances

People joining Lloyd's usually have to show £100,000 unfettered and unrestricted. In return they receive a share of profits and investment income.

vorsened.

Only members who go per-He has told Lloyd's, the sonally bankrupt are forced to viduals, that in view of his con- ment income from his Lloyd's intention to revoke the licences.

accepted for him, which in turn means that his revenues of

Lloyd's concern over Sir Freddie's finances grew at the weekend when he said: "I haven't a bean. Everything I possess is pledged to the bank."

The licences for the former Laker Airways Skytrain flights to the U.S. and from London to Zurich were to have expired six days after the Receiver was notified by the Civil Aviation Authority last Tuesday of its

The authority had had no thes from Sir Freddie or from Lonrho, his prospective financial backers, for an extension of the operating licences. we are leaving the door open because we are expecting an approach about licences," the Authority

Even if Sir Freddie granted a temporary extension of operating licences deadlines. he will face a series of public hearings to prove the financial soundness of his application to use the licences with the pro-posed Longho backed venture,

said last night.

This would take three or four months after the 21-day period for objections by other

Sir Freddie was in talks with Lonrho yesterday over their plans for the new airline. British Caledonian Airways said that it had completed negotiations with the Laker Air-

ways Receiver to lease two DC-10 series 10 airliners formerly operated by Laker Airways. BCal (Charter) has already chartered the two DC-10 formerly already DC-10s to two companies, Services and Viking International, a company of air brokers, which are acting for 44

Judge attacks ACC takeover battle

BY 1011N MOORE AND RAYMOND HUGHES

HIGH COURT appeal judge in London yesterday described the takeover battle for Associated Communications Corporation, the entertainments empire built up by Lord Grade, as "absolutely dotty."

The remark was made in the hearing of an appeal by Heron Corporation, the diversified private company headed by Mr Gerald Ronson. Heron is trying to wrest control of ACC away from Mr Robert Holmes à Court. the Australian entrepreneur, through legal action.

Heron has said it will increase its £46.6m bid for ACC, while Mr Holmes à Court's Beil Group has raised its offer from £36m to match Heron's bid.

Lord Justice Brightman, sitting with Lord Justice Lowton and Lord Justice Templeman, said that from the " practical, ordinary commercial City" point of view it would be wrong for a company which must be worth more than £36m to be

sold for that amount.
"It must be desirable that if there is a takeover bid it should be at the best possible price and I should have thought it was desirable to have a perfectly ordinary takeover competition in the usual way," he said. Mr Holmes à Court disclosed

yesterday that he was carrying out, in his role as ACC chairman, an investigation into the order by ACC of a Cessna jet in June last year before the from ACC, said: "By my stan-

pre-tax losses of £8m. He said the aircraft was due for delivery "in a matter of days." A \$600,000 (£328,000) deposit had been made out of a total price of \$2m.

jet with the least possible cost to the company. I do not want He described the previous commercial standards of ACC as "extravagant." The company

'I wish to avoid buying that

yachts, two on the River Thames, and two in the Mediterranean. One 126 ft luxury yacht in the South of France was already for sale.

Mr Holmes a Court, who takes a salary of £5,000 a year

company announced half-year dards the yachts are extravagant I am not used to any

> He said that Star Group had dropped its offer—thought to be worth £7m—for the Classic Cinema chain, "because there is a prospective purchaser who is negotiating a price in excess of the one Star Group offered."

ACC "was not longer selling assets to pay the bankers" but the Classic negotiations had been going on for some time. Jetsave, the travel company which Mr Reg Pycroft, the founder, is trying to buy back from ACC, was "not on the market for sale."

Judges call for ACC

Ministers resist scrutiny of state sector

BY PETER RIDDELL, POLITICAL EDITOR

increase parliamentary scrutiny from all sides in a Commons over nationalised industries. This is likely to lead to a clash with a large group of back-benchers from all parties. Ministers are considering

The acquisition will fit in well with Cadbury's existing whether the role of the Compjuice business in North troller and Auditor General (C and AG), who audits public sector accounts on behalf of Industry Energy a Rose's Lime Juice has a lead-Parliament, should be extended Schweppes traditional range to cover the whole public sector, of tonic water, ginger ale and including nationalised indus-tries. This has been urged by a soda water also has a strong number of Commons committees Mr Basil Collins, Cadbury and a motion signed by 287 back-

De Lorean

being argued that the 1,500 jobs

which would be lost in Belfast

-where unemployment is more

than 20 per cent-and the further 7,000 which component

suppliers say are threatened in the West Midlands, is too high

a price to pay for the company

De Lorean executives yester-day conceded, however, that the

original sales projection for the

car-of 20,000 sales a year in the U.S.—are too high and that

7,000-8,000 was more realistic.

The De Lorean Board is expected to tell Mr Prior today

that it has not been able to

raise private funds, throwing the burden of any rescue directly on the Government.

Our Belfast correspondent writes: Unions representing De

Kenneth's remarks. Mr George

Clark, of the largest union, the

Transport and General, said: "The fact that the man who was

called in to advise the govern-

SENIOR MINISTERS are a Treasury White Paper opposstrongly resisting proposals to ing such a change was attacked debate last November. Mr Francis Pym, Leader of the little room for compromise.

through their sponsoring minis. A political problem is that ters and that there is already Mr Pym's comments raised through their sponsoring minis-The issue has arisen because ample opportunity for discussion expectations of significant con-

Continued from Page 1 | Continued from Page 1

of their plans by MPs. According to these ministers, if the C and AG and the Public Accounts Committee of MPs were allowed to ferret around Commons, then said that the and examine the books of Government would reconsider its industries, this would signifiapproach. Other Ministers feel cantly undermine the morale that Mr Pym was too concilia- and efficiency of their managetory, however, and that there is ments and discourage them from taking risks.

British Rail report

Mr Cliff Rose, BR board union member for industrial rela-tions, contacted Acas last night ing.

Civil Service pay offer

at £4,069-£5,273. Rates on the rise of 51 per cent.

Covernment finds recruitment main scale will rise from £5,744-easy at a time of high £7,247 to £5,841-£7,428, increases unemployment, but would pay of 1-21 per cent.

Continued from Page 1

more to retain staff whose

ment has now countered all the gloomy talk makes us more optimistic that the Government officer grade, the rate up to 21 will accept the need to see the company through this crisis."

The Government has added market value was higher.

For middle-ranking executive "maximum plus-one" grade the top rate for would be unchanged, remaining at \$4,069-25,273. Rates on the

introduce flexible rostering with a form of words to put to based on a 7 to 9 hour working. Asief, tying the union more

The Secretaries of State for have argued that a major principle of ministerial responsibility is at stake. They believe nationalised industries should be responsible to Parliament

recommendations to pay the 3 per cent without this tight commitment from Aslef, it will

have no sanction against the union should it not meet its

commitment on flexible roster-

of 1-21 per cent.
The Government has added

ment will offer only minor concessions.

The Ministers had attempted

decision has not yet been taken,

it looks likely that any state-

disappointed, there could be anger among back-benchers. whose campaign has been led by Mr Joel Barnett and Mr Edward du Cann, the present and former chairmen of the Public Accounts Committee. Ministers are likely to argue that while there may be

If these

cessions.

deficiencies in the present accountability to Parliament of on the issue. While a final not increase detailed to scrutiny over them, but rather to improve efficiency through Monopolies Commission reports, the introduction of competition and the selling off of sections of their operations. Chairmen of nationalised

industries are likely to be relieved that they are being strongly defended by their sponsoring ministers. Although relationships with some departments are quite good, this sup-port is in contrast with frequent criticisms of these industries by Mrs Thatcher and her closest colleagues.

of the inquiry's recommendations until it was sure the union would accept the inquiry's clear guidance that movement from the Shour day was implicit in accepting that the issue be put back into the industry's machine. Supporters of an extension of the C&AG's role have argued that Parliament and the C&AG should be able to follow public money wherever it goes to ensure proper account-ability for the entire public

Weather

UK TODAY CLOUDY in England and Wales, dry with sunny periods in Scotland and N. Ireland. Rather cold.

London, S., E., S.W., N.E.,

Cent N Excland, Midlands, Wales, Channel Isles Mostly cloudy, some rain Max. 6C (43F). Rest of England, I. of Man, Scotland, N. Ireland

Sunny periods, some fog. Max. Outlook: little change.



THE LEX COLUMN

The Atlantic gets wider

U.S. investors had had a weekend to think about last Friday's money supply figures, so the behaviour of the New York markets yesterday was presumably the result of sober reflection. Two points were knocked off bond prices at the opening (although there was a fally later on) and money market rates moved up to a level which suggested primes might soon be above 17 per cent.

Having waited nervously for a day and a half to see just how badly New York would take the news, the London markets took it all remarkably well. Giltedged prices slipped only a fraction, although long-dated Government bonds now yield a quarter point more in New York than in London. The instituout of long-dated gilts when there is no tap stock through which they could get back in again.

The falls in U.S. bond prices washed straight through into the equity market on Wall Street, which is not surprising since by all the traditional yardsticks shares are overvalued relative to bonds. The yield on the Dow Jones Indus-trial is still under 7, per cent; and there is little scope for dividend growth in a year that looks certain to produce yet another fall in companies' real earrangs. The market is being led

down by shares in the cyclical industries — machine tools, paper. railway equipment, steel and the like—all of which been hitting new lows. The industrial production figures due today, will help to explain why: they are likely to show the sixth straight monthly

However, share prices are now less vulnerable to the false optimism that was evident in analysts' forecasts a month or two ago. And the returns from quality shares in, for example, the chemicals sector are now beginning to look quite attractive by UK standards. The Dow Jones average is now testing its low points of last September, whereas the FT Industrial is the best part of 100 points higher than it was at that time. increasing,

The crucial difference between the UK and the U.S. grating Spillers, as well as the at present-at least in investors' minds-is that in the UK the Government and the financial for the six months to December markets are trying to pull in the are up from £16.2m to £19.6m. same direction.

Amersham

turning out to be the Govern-improvement in the U.S. from ment's bottest property yet. The break-even to a £41m trading City's enthusiasm for it is vir- surplus. This essentially re- authorised capital.

spreading the word (or picture) fast; the

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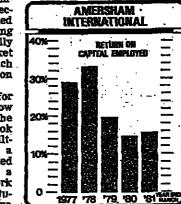
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More facts of NEFAX.

One demonstration is worth a

thousand words. Cut out this

Index fell 6.9 to 557.2



tually unanimous and exceeds that shown for either British Aerospace or Cable and Wireless. At least one broker is recommending purchases up to a price of 190p, at which the yield is 2.6 per cent.

That kind of premium over the 142p offer price is by no-means guaranteed, even if the offer is very heavily oversub-scribed, but the stags look likely to make a profit at HMG's expense yet again and there are sure to be complaints about the fixed price offer mechanism. The flotation has certainly been finely timed. The dollar, a principal determinant of Amersham's reported profes. has begun moving in the right direction and the pharmacenticals sector, into which the company will slot, is performing strongly relative to the market.

The vulnerability of earnings to currency swings is perhaps an inherent disadvantage and there is a question mark over the longterm future of radioactive chemicals in health care. Since Amersham is bid-proof, there is no room for a takeover premium in the price. But this week the City will be concentrating on the company's undoubted attrac-

Dalgety

Dalgety's interim figures show increasing, if unspectacular benefits from its work on inteadvantages of a broad international spread. Pre-tax profits despite a £2.8m rise in the Amersham

Amersham

Amersham

Amersham

International is the profits breakdown is the

flects the turning round of the frozen food business which, like Modern Maid, is now making a small profit. Lumber in Canada is very weak, but there is a modest increase much of it rate related—in exchange Australasia.

The rise in gross borrowings since December 1980 from £230m to £254m is entirely accounted for by currency changes; an outflow from trading has been offset by some disposals. Dalgety appears to accept the City view that a somewhat lower level of gearing might be desirable—but a rights issue does not look like the solution. Share capital has trebled in five years and Dalgety is already stuck with a very high level of distribution as a legacy of the Spillers bid. Recentions in the first half, before extraordinary items, were just £84m.

So asset disposals look to be on the cards, with the group's Australian coal mine and U.S. frozen food interests in the front of the shop window. The combination of balance sheet strains and better parance sizer strains and better returns on the Spillers assets could help the share price higher, particularly if U.S. interest rates break downwards. But there is little scope for the dividend to be prudently raised, since current cost cover is poor, and at 338p, up 2p yesterday, the shares already trade on 12 times prospective fully-taxed earnings. The yield is 9.6 per cent.

The Companies Act 1948 failed to anticipate the present curious relationship between Trusthouse Forte and the Savoy The Savoy is a subsi-Hotel diary of THF under the terms of the Act but the absence of voting control or Board representation has prevented THF from consolidating.

So the Savoy is treated as a trade investment in THF's latest annual report while a substantial extract from the Savoy's own accounts is included, to conform with the requirements of the Act. The Savoy figures, for the year December 1980, are largely of historic interest but THF apparently unable to prevail upon its subsidiary/trade investment to provide more up todate numbers.

The remainder of the annual report (in much bigger letters than the pull-out Savoy section) sheds no real light on THF's intentions. But the company is giving some indication by seeking a 100m share increase in

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Thorn warns of growing EEC protectionism BY JOHN WYLES IN STRASBOURG

THE EUROPEAN Community is

in the grip of growing protecwracked by indecision and suffering from waning commitment among member govern-ments. M Gaston Thorn, President of the EEC Commission, warned yesterday.

Presenting the Commission's programme for 1982 to the European Parliament, M Thorn delivered an uncharacteristically gloomy analysis of the Ten's political, economic and commercial outlook, He was greatly concerned

about deterioration in relations between the EEC and the U.S. Present problems, he said, could escalate into "something much more serious" than a

"We get the impression that Europe and the U.S. are beginning to doubt and hence mistrust each other," M Thorn

His speech contrasted sharply sapping

EEC Agriculture Ministers yesterday cancelled their next round of talks on the annual farm price review after deciding that no serious progress was possible until negotiations on UK contributions to the Community budget were resumed. Page 27

with the optimistic declaration attempts with which he started his term as President 12 months ago. It appeared to reflect his frustration at being forced by member states to filddle while he watches the Community burn.

Instead of renewing his call of a year ago for integration within four years, M Thorn warned that the economic crisis was "rousing the old demons of protectionism, the illusion that salvation lies in going it

faced fragmentation through a "proliferation" of unilateral national measures which were

promote integration.
"The Community is lurching

from wine war to turkey fight to budget dispute," he said. The need to give the Community greater impetus was as evident as ever. While not wishing to minimise the importance of guidelines already the structure and purpose of the agreed for developing new

policies, the deep disagreements among the Ten over must be measures to boost in-changes to the Common Agri- vestment and to reduce hat salvation lies in going it cultural Policy and measures to ince,"

The EEC's internal market cut the U.K's payments to the He proposed the launching of a community plan for topping up budget had resulted in a Community plan for topping up national investments with EEC The Council of Ministers, re-funds, particularly the Commission's presenting member govern-

ments must "conquer its inability to take decisions." This could come only through renewed political commitment to European integration and a greater use of majority voting in the everyday running of the

In a passage in the prepared text which M. Thorn omitted from his speech, the President virtually accused member governments of using their disagreement over agriculture policy and budget issues as a front for their "waning com-mitment to Europe or at least for fundamental differences over community. The EEC's internal priorities

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